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PART III (Vol. 2).

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF EGYPT.

13

August to December 1879.

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CONFIDENTIAL.

Further Correspondence respecting the Finances of Egypt.

PART III (VOL. 2).

No. 980.

*The Marquis of Salisbury to Sir H. Elliot.**(No. 106.)
(Telegraphic.)*Foreign Office, August 1, 1878.*

THE substance of the Firman which Her Majesty's Government have consented to accept for Egypt is as follows:—

1. Present succession rule maintained.
 2. No further loans permitted.
 3. No armaments above number sanctioned in 1841.
 4. All Conventions to be communicated to Porte before promulgation.
 5. No territory to be alienated or prerogatives of Khedive given up to a third Power.
- Otherwise former privileges confirmed.

No. 981.

The Marquis of Salisbury to Sir H. Elliot.(No. 511.)
Sir,*Foreign Office, August 1, 1879.*

I TRANSMIT to you copy of a despatch from Her Majesty's Ambassador at Paris which incloses decypher of a telegram from the French Ambassador at Constantinople, giving the substance of the new Egyptian Firman which Her Majesty's Government has consented to accept.†

I am, &c.
(Signed) SALISBURY.

* Similar telegrams were sent to Sir J. Walsham and Sir A. Paget.
† See Part III (Vol. 1), No. 972.

The Marquis of Salisbury to Sir J. Walsham.

(No. 395.)

Sir,

I TRANSMIT to you herewith copy of a despatch from Her Majesty's Ambassador at Paris which incloses decypher of a telegram from the French Ambassador at Constantinople, giving the substance of the new Egyptian Firman which Her Majesty's Government has consented to accept.*

I am, &c.
(Signed) SALISBURY.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 2.)

(No. 425. Political. Confidential.)

My Lord,

Alexandria, July 24, 1879.

IN the course of a conversation I had to-day with M. Tricou I referred to the bad effect that had been produced by the Khedive's telegram to M. Barrot forbidding Nubar Pasha returning to Egypt.

M. Tricou informed me that he had caused the Khedive to be privately informed that, in view of the bad impression that had been produced, he thought it would be advisable for His Highness to withdraw the prohibition, and that His Highness had declared that he would be ready to do so if Nubar Pasha would give a written assurance that he would not return to Egypt without His Highness' consent and until circumstances should admit of his doing so. M. Tricou had accordingly telegraphed to M. Waddington in the above sense.

I asked M. Tricou what he understood by the last sentence of his telegram, "until circumstances should admit." He replied that, the Khedive was afraid that, until the new order of things should be firmly established and the arrangements which the Powers should decide upon with regard to Egypt should have got into working order, the presence of Nubar Pasha in Egypt would be likely to be a source of embarrassment.

I told M. Tricou that I was very glad that he had made this suggestion to the Khedive, and that I would send your Lordship a telegram similar to the one he had addressed to M. Waddington.

I have, &c.
(Signed) FRANK C. LASCELLES.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 2.)

(No. 426. Political.)

My Lord,

Alexandria, July 24, 1879.

IN continuation of the Reports from the British Consular Agents upon the condition of Egypt which I transmitted to your Lordship in my despatch No. 416 of the 15th instant, I have the honour to inclose a copy of a further despatch and its inclosure which I have received from the Acting British Legal Vice-Consul at Cairo, reporting that signs of distress are apparent among the poorer class of natives in certain parts of Upper Egypt.

I have, &c.
(Signed) FRANK C. LASCELLES.

* See Part III (Vol. 1), No. 972.

Mr. Borg to Mr. Lascelles.

Cairo, July 22, 1879.

Sir,

I HAVE the honour to transmit to you a translation of a despatch which I have received from the Consular Agent at Luxor, reporting that, owing to the insufficiency of the crop, signs of distress are apparent among the poor class of natives, who have commenced to emigrate on account of their inability to pay the taxes claimed from them.

It appears that the natives of Esneh are in as bad a plight, and that some have gone over to Luxor.

I have, &c.
(Signed) RAPH. BORG.

Mustapha Aga to Mr. Borg.

(Translation.)

Sir,

Luxor, July 16, 1879 (27 Ragab, 1296).

I HAVE the honour to report that, owing to the damage done to some of the plantations, the crop has not been as good as was expected, and, in consequence thereof, distress has begun to become apparent among natives of the poor class. It is felt the more as their produce is not sufficient to meet the taxes claimed from them; and they have begun to emigrate from their villages, in order to avoid the Government demands, which they are unable to satisfy.

Many natives of the Province of Esneh have come here because, owing to the destruction of their plantations there, they are in great distress. Judging from their present circumstances, one cannot help thinking that in a short time dire distress and famine shall be prevalent among them, as was the case last year.

I have, &c.
(Signed) MUSTAPHA AGA,
British Consular Agent at Thebes.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 2.)

(No. 23. Commercial.)

My Lord,

Alexandria, July 24, 1879.

I HAVE the honour to inclose a copy of a Memorandum drawn up by Mr. Scrivenor, the Director-General of Egyptian Customs, on recent legislation in Egypt affecting customs and octroi duties on merchandize not governed by Treaty regulations.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 985.

Memorandum on recent Legislation affecting Customs and Octroi Duties on Merchandise not governed by Treaty Regulations.

BY Vice-Regal Decrees of the 29th March, 1879, revised Tariffs and new Regulations affecting tobacco, native and imported, cigars and hasheesh, were notified and introduced. Under the same date the "Conseil Privé" approved the formation of a Government office for the sale of foreign gunpowder for sporting purposes.

These measures were the outcome of a combined project for arresting the organized wholesale smuggling of these articles, which, owing to the very high duties upon some, and the absolute prohibition of others, had attained disastrous proportions.

I had already pressed this scheme upon the Government at intervals extending over nearly two years previously, but it met with no attention until I brought it under the notice of the "Commission d'Enquête," who at the commencement of the present year finally examined and recommended the project in its present shape to the Minister, who approved and obtained the two Decrees of which copies are annexed:—

1. Decree No. 1: copy of which was sent to me for execution.
2. Decree No. 2: concerning "régie" of native-grown tobacco, with the elaboration and execution of which my Administration has nothing to do.
3. Ministerial order for the execution and control of a new Government Bureau for the sale of foreign gunpowder.

By Decree No. 1 the following changes are effected:—

(1.) Modification of "octroi" on imported tobacco and tobacc from an uniform tax of 20 piastres per oke on all qualities irrespectively, to two classes and rates, as shown in Article 1 of the Decree.

The old tax of 20 piastres represented roughly 75 per cent. on the average value of all qualities together, without reference to the comparative quantities imported or consumed of each quality; as a matter of fact, 80 per cent. of the consumption consisted of tobacco, the average value of which was under 20 piastres per oke, so that these qualities paid 100 per cent. If we further dissect and classify this 80 per cent., it appears that 50 per cent. thereof is composed of the low qualities of Syrian tobacco, whose average value is about 10 piastres. This class, therefore, paid at the rate of 200 per cent.

These two last-named categories, particularly the latter, were for the most part smuggled.

The finer qualities were rarely carried by the smuggler, their average value being so greatly in excess of the tax that the risks deterred him.

The new rates are calculated at 25 per cent. upon the average value, the highest class Turkish tobacco alone being comprised in the first class, all other Turkish and Syrian in the second class. This division is more equitable, as the distinction of quality and value between the "tabac de luxe" of the few, and the ordinary tobacco consumed by the masses, is very marked, and it was argued that in this way the greatly diminished profits, in view of the risks, would place the smuggler at an absolute disadvantage *vis-à-vis* the regular trader, and, by thus rendering smuggling unprofitable, it would naturally cease to exist.

(2.) Modification of customs duty on cigars from 75 per cent. *ad valorem* to two classes and rates by weight, as shown in Article 3.

These fixed rates are likewise based upon an average 25 per cent. *ad valorem*.

This sensible reduction of duty, and the simpler mode of collection by weight instead of value would, it was reasonably expected, remove many abuses and lead to an increase of revenue under this head, hitherto much prejudiced by the almost general smuggling, of the better classes of cigars especially.

(3.) Prohibition of importation of hasheesh, Article 4.

This article has always been classed as prohibited by an order which has never been rescinded, but subsequent regulations of an anomalous character, designed, it is alleged, to check the contraband of it, permitted its entry on a fine equal to half its value.

If not duly entered, or if found concealed, the owner or importer was subjected to a double fine, that is to say, to payment of the value in full, or otherwise.

Should the owner or importer not be found, the Government sold the hasheesh, thus legalizing its entry into the country where its importation, culture, and use were at the same time prohibited.

The prohibition is now by this Decree made absolute.

(4.) No Decree being necessary for the sale of foreign gunpowder by the Government itself, a Ministerial order for the establishment of a special bureau for this purpose was sent to me for execution.

Hitherto the large consumption of foreign sporting powder was entirely supported by smuggling. Residents bought their gunpowder surreptitiously at Levantine groceries and Greek baccals in the towns. Travellers in general brought their supplies with them, and smuggled them through the custom-house. Either course was attended with considerable risk to life and property, as no proper care could be taken to avoid the danger of explosion. Packages have frequently lain for many days in the customs warehouses in which gunpowder was secreted. It was often carried through the streets concealed amongst other merchandize, probably of an inflammable nature. It was stowed, presumably in large quantities, with other merchandize, in cellars and warehouses in various parts of the towns without any precautions being observed, and this in a country where petroleum is generally used for lighting, and where smoking is universal. The authorities, hampered by the Capitulations, have been powerless to enforce the regulations which prohibit foreign gunpowder, and its presence has always passed unnoticed.

The sale by the Government will now, it is hoped, put an end to these difficulties and dangers, as the prices at which the various qualities of powder will be sold are on so moderate a scale that the smuggling will carry no profit, and will shortly cease, whilst the Government will acquire another source of revenue.

The places of sale will, for the present, be confined to Alexandria and Cairo.

These measures thus deal with all the high duty and prohibited articles, the running of which has hitherto proved a lucrative industry to smugglers, to the serious prejudice of the revenues.

I have never concealed my opinion that in Egypt, with its long undefended and desert shores, its contiguity to tobacco-producing countries, and its excessive duties on, or prohibitions of, the articles enumerated, the suppression of smuggling by force is impossible.

The only true principle is that of reducing duties to the point which encourages the honest trader and renders smuggling unprofitable. Great care has been taken in the consideration of these questions, but whether we have attained the desired point can only be resolved in practice. But to attempt this with reasonable hope of success it was essential that the scheme should be carried out in its entirety; that no part, nor details of any part, should be omitted in the execution, for the smuggling societies being strong and wealthy, having enjoyed for many years immunities and reaped large profits, would assuredly die hard, and any weakness or indecision in carrying out our plans would be speedily detected by them and turned to their advantage.

I regret to say that the change of Ministry effected by the *coup d'état* of the 7th April last has, in effect, led to omissions and defects in the execution which I am powerless to supply and amend, and which, more or less, prejudice the whole scheme.

For instance, hasheesh should not only be prohibited to be imported, but its culture should be forbidden, and a substantial reward should, as heretofore, be given to informers.

Prior to this Decree half the fine exacted and recovered was devoted to this purpose, and the denouncements and seizures were frequent. No reward being now given (although this was made an essential feature of the project) it is never denounced nor seized, but is probably very freely smuggled. We have therefore lost a revenue, facilitated the entry in fraud of a prohibited article, and given a fresh impetus to smuggling, not only of hasheesh but of tobacco, as from the larger profit the smuggler can now, almost with impunity, derive from hasheesh (an eminently portable and high priced article), he can better afford to risk his tobacco, and can thus prolong the struggle indefinitely.

Again it was foreseen that the probable first effect of the Decree affecting octroi on imported tobacco would be that all such qualities as had, according to the system adopted by the smugglers, already evaded the Turkish duty, and been exported to and deposited at Syria or Malta for subsequent running on the Egyptian coast, would be thrown suddenly out of competition in the market, the new conditions being more

favourable to honest trading, in view of the smugglers' greater expenses and risks, but that the holders having no other means of disposing of it would try to smuggle it into Egypt at any cost.

I should explain that the practice followed here under Turkish regulations is not to admit tobacco to entry unless it is accompanied by a "raftié," or permit of circulation, proving the Turkish origin, and showing that the Turkish dues have been duly acquitted.

The holders of the tobacco in question have no such document. They evaded payment of the Turkish dues, and proposed smuggling it into Egypt in due course.

It is computed that 500,000 to 600,000 okes of such "outlawed" tobacco exists at this moment in Malta and Syra; and laden in smuggling craft, and having no outlet for it but Egypt, where they may not bring it openly and pay the duties, the holders have but the alternative of smuggling it, even at a heavy loss, rather than lose all; and it will be obvious that until this large quantity has been disposed of our revenues must suffer from the displacement of so much duty-paying tobacco, and that the flooding of the country with contraband, which can scarcely be prevented, will prove very discouraging to the newly-revised regular trade, which brings its tobacco through the custom-house. In addition to this disturbing influence, we have of course to contend against the fraudulent introduction of Greek tobacco. Its culture being free and its transport cheap and easy, it continues to be a formidable competitor, in regard to price, with Turkish and Syrian, which is doubly taxed. It must always be smuggled, as by the Turkish regulations governing the tobacco monopoly of that country, from which Egypt derives no revenue or advantage whatsoever, it has been always held to be prohibited in this country.

To provide against these difficulties the "Commission d'Enquête" decided that the Turkish regulations alluded to, which impose upon Egypt the duty of looking after Turkish interests, to the detriment of her own, have no legal force, in view of the autonomy granted to Egypt by Iradé, and might be ignored, and that in the future—

1. Tobacco from Ottoman ports should be admitted to entry in Egypt on payment of the Egyptian octroi, without requiring the production of a Turkish "raftié."

2. The terms of a Convention with Greece for the admission of tobacco from that country should be informally discussed by me with the Greek Consul-General first, and submitted to the Minister for his approval.

These instructions were unfortunately never officially sent to me, but I had already received from the Minister (Mr. Rivers Wilson), in reply to my written urgent request for them, a telegram "Yes, to both questions," and in a subsequent private note the Minister asked me if I had received this telegram.

Acting upon this—anticipating the formal order which never came—I had invited all holders of tobacco without "raftiés" to bring it from Malta and Syra, or elsewhere, and declare it freely at the Custom-house. Several vessels actually entered the port for this purpose, when at this juncture the fall of the European Ministry, and the substitution of native Ministers, inspired a feeling of distrust in the minds of the owners, who held back, notwithstanding my assurances that their tobacco should not be confiscated, even if the order to admit it should be recalled.

Their hesitation was natural, and was, indeed, justified by the result, as the new Minister, who had heard of what was being done, requested me not to take any step without his official order.

I am of opinion that so long as a purely native Ministry, uncontrolled and unsupported by European influence, exists, fear of Turkey will preclude the giving of such an order, and the question of a Convention with Greece is, of course, equally abandoned, notwithstanding the acquired right of Egypt to make it.

Turkey very jealously watches, and seeks to counteract, our action in these matters. The Turkish authorities have now raised their rate of duty, simultaneously with the lowering of our octroi, so that tobacco is, before it enters into consumption in Egypt, nearly as heavily taxed as formerly.

Lastly, the Decree No. 2, for taxing the culture of indigenous tobacco, has not been, and probably will not be, put into execution, and the old system of internal octroi collection, which has hitherto failed to reach 10 per cent. of the tobacco grown, remains and leaves in circulation an untaxed 90 per cent. of native tobacco to shut out the like amount of imported and tax-paying tobacco.

It will be seen, therefore, that neither the complete scheme nor the measures to

be adopted for meeting emergencies arising from its application has been carried into execution, and the failure of any part of a combined plan for striking a decisive blow involves the failure, or at least partial failure, of the whole.

It is true that the tobacco revenues show signs of improvement since the reduction, but whether this will be maintained and improved in the face of so many opposing influences which it is almost hopeless to expect a native Ministry to confront and overcome, can only be resolved in practice.

In justice it should be observed that the chief obstructions to reform in this direction are the undue influence and interference of Turkey in exacting from Egypt the observance of regulations made in the sole interest of Turkey herself, and which cripple the action of Egypt and divert from her her legitimate resources.

Notwithstanding the concessions made by Iradé at various periods subsequent to 1841 in favour of Egypt, and which theoretically were to render her commercially and financially independent, the fiction is still maintained that she is a province of the Ottoman Empire, and, as such, subjected to the action of the raftié, or circulation system, arising from the application of Article V, Treaties and Capitulations, Great Britain, 29th April, 1861, and Article XXX, Treaty 1675, Great Britain, which provide in effect that import duty shall be payable only once and at the time of first landing at any port of the Ottoman dominions; the effect of this being that a large proportion of merchandize destined to be consumed in Egypt passes first through an Ottoman port, and the duties of 8 per cent. are there collected for the Turkish Government revenues, the goods being then forwarded with raftié for free entry and circulation in Egypt. It is true that by the same system merchandize destined for Turkey coming first to Egypt pays duty here, and Egypt then benefits, but a glance at Table 6 accompanying my annual Report will show that these interchanges are so unequal, so greatly in favour of Turkey, that Egypt during 1878 lost 72,000% by it.

This refers only to general merchandize, and is governed by the Treaties, and unless the autonomy of Egypt is formally insisted upon by the Signatory Powers to the Treaties and Capitulations, will continue to press heavily upon this country, and will always divert a large proportion of her just revenues into the Turkish Treasury.

In the case of tobacco which is prohibited by the Treaties, Turkey is under no engagements with the European Powers, excepting that no duty shall be charged on tobacco when exported to Europe by Europeans. The tobacco regulations are made by Turkey solely in view of her Government monopoly, and the revenues derivable from this of course go to the Turkish Treasury, and Egypt has to accept these regulations, and conform to them, at the sacrifice of her own interests.

It is intolerably oppressive that Egypt should be compelled to refuse tobacco which comes to her custom-houses prepared to pay the proper octroi duties of this country, because no "raftié," showing that Turkey has not been defrauded, is produced.

The concessions purchased by Egypt include that of making Commercial Conventions, and such internal reforms and regulations as may tend to develop her revenues of customs, &c. Why, then, deny her the right to admit tobacco of any origin? If Turkey refuse to make any concession, a Convention with Greece would attain the same end. Turkish and Syrian tobacco would be exported free to Greece, and be thence transported to Egypt, as is actually done by the smugglers, causing loss both to Turkey and Egypt; but if Egypt were freed from the trammels of this Turkish protection system, and did not require the production of the "raftié," all would pay willingly the moderate Egyptian "octroi."

The tribute paid, Egypt, which has her separate Government and fiscal system, should be absolutely free to make any reforms tending to increase her revenues, but, until the European Powers claim for Egypt this commercial freedom, Turkey will continue to exercise the right which the strong have over the weak, which their uncertain relations will always maintain.

There is but one remedy for this. Egypt should be tributary, but "independent."

Without taking into consideration the manifest advantages which must accrue to Egypt were she in a position to remodel her Tariff of Customs on an intelligible basis, I will confine myself to the one question of what Egypt will gain by free action in respect of tobacco. I have shown in my several Reports that the tobacco "octroi," as now reduced and classified, should produce annually about 400,000%. Last year's receipts were but 58,000%. The restrictions and prohibitions of Turkey once removed, and the evasion of our present Tariff now offering no advantage to the smuggler, there

is no reason to doubt, were this project now under notice faithfully carried out, that this additional annual revenue of 340,000*l.* on tobacco alone would be collected.

(Signed) GEO. H. SCRIVENOR.

No. 986.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 2.)

(No. 428. Political.)

My Lord,

Alexandria, July 25, 1879.

CHERIF PASHA called upon me yesterday to tell me that the Khedive had thought that it would be advisable for the Egyptian Government to make a representation to the Porte with regard to the maintenance of the privileges contained in the Firman of 1873. His Excellency said that if Egypt took no steps in the matter it might be supposed that it was one of indifference to her, and that she would accept any arrangement that the Porte might choose to make. He could assure me that such was not the case; that the privileges obtained by Egypt had been granted to the country, and not merely to the person of the Ruler, and had been obtained by the payment of large sums of the public money, and that any attempt that should now be made by the Porte to withdraw these privileges would be strongly resisted by Egypt.

I told his Excellency that I was fully impressed with the necessity of maintaining the privileges which Egypt had obtained, but that I doubted whether any action on the part of the Egyptian Government at Constantinople would not at present tend to complicate the question, which was being dealt with by the Ambassadors of England and France. I said that I would report to your Lordship by telegraph what his Excellency had said, and I suggested that no steps should be taken by the Egyptian Government until I should receive your Lordship's reply.

His Excellency answered that he fully understood that any representation which might be made by the Egyptian Government at Constantinople would have little effect unless it were supported by England and France, and he begged me to telegraph to your Lordship in the sense I had proposed.

Being aware that Chérif Pasha had already spoken to M. Tricou on the subject, I suggested that we should go together to M. Tricou's house, for the purpose of consulting him, and finding that he completely agreed in the opinion I had expressed to Chérif Pasha, I sent your Lordship my telegram No. 96, M. Tricou sending at the same time a similar telegram to his Government.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 987.

Sir A. Paget to the Marquis of Salisbury.—(Received August 2.)

(No. 348.)

(Extract.)

Rome, July 29, 1879.

M. CAIROLI then referred to the affairs of Egypt, but I said that I was not sufficiently acquainted with what was passing in that country to be able to enter into a discussion.

His Excellency mentioned the strong desire of the ex-Khedive to return to Constantinople, to which I replied that, if the Italian Government had the means of exercising any influence upon him, I thought they would do a service by inducing his Highness to remain where he is, as, if he succeeded in getting permission to return to Constantinople, he would only intrigue and give rise to additional trouble in that capital.

M. Cairol spoke of the possibility of finding some palace for him in Italy. His Excellency had thought of the Favorita at Portici, which would have been admirably adapted, but unfortunately half of it was sold and inhabited. There was also Caserta,

but this was a show place, and the constant arrival of visitors might perhaps be an inconvenient disturbance of the secrecy of his Highness' oriental establishment. His Excellency said he should think the matter over again.

No. 988.

Lord Lyons to the Marquis of Salisbury.—(Received August 2.)

(No. 816. Confidential.)

My Lord,

Paris, August 1, 1879.

IN my despatch No. 810 of the day before yesterday I had the honour to report to your Lordship that I had left with M. Waddington a Memorandum of the substance of your Lordship's despatch No. 987 of the 28th ultimo, and that he had said that he would state in a confidential written paper his opinions upon your Lordship's observations respecting the proposed "Control" and "Commission de Liquidation" for Egypt.

His Excellency has accordingly sent me this morning, confidentially, a Memorandum on the subject of the Control, and I have the honour to transmit a copy of it to your Lordship herewith.

I inclose also a copy of an autograph letter from M. Waddington which accompanied the Memorandum.

M. Waddington expresses his concurrence in the suggestion that the Control instituted by the Decree of the 18th of November shall be "purely and simply" re-established, but makes a formal reserve that the two Governments shall hereafter, and as soon as possible, take the necessary steps to have the joint attributions of the Controllers clearly defined on the basis of the Decree submitted by him through me to your Lordship. Indeed, he states that the French Government considers that it would be necessary that such a Decree should very soon be issued by the Khedive.

M. Waddington insists especially on the functions of the English and the French Controller being identical.

He states that he is ready to send instructions, in the sense of this Memorandum, to the French Agent in Egypt, on being informed that your Lordship will send like instructions to Her Majesty's Agent.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 988.

Memorandum.

(Confidentielle.)

LE Gouvernement de la République est heureux de pouvoir constater qu'il est pleinement d'accord avec le Gouvernement de Sa Majesté Britannique sur les principes qui doivent présider au rétablissement du Contrôle Franco-Anglais en Egypte. Il s'agit d'en revenir à l'institution, créée par les Décrets du 18 Novembre, 1876, et dont la remise en vigueur avait été formellement stipulée par les deux Puissances, pour le cas où la combinaison des Ministres Européens qui lui avait succédé ne serait pas maintenue. Le Contrôle Franco-Anglais a été accepté tacitement par l'Europe; il n'a été l'objet d'aucune observation de la part des Cabinets étrangers; il y a donc tout avantage à le reprendre dans les circonstances actuelles et toute chance de pouvoir le faire sans éveiller aucune susceptibilité.

Il est également hors de doute que le Contrôle Franco-Anglais doit être appliqué dans le sens d'une inspection générale sur tous les services administratifs et financiers de l'Egypte afin d'épargner aux deux Puissances des responsabilités directes dans la marche du Gouvernement du Vice-Roi, et de leur réserver toute liberté d'action quant aux voies et moyens auxquels il leur conviendrait d'en appeler ultérieurement pour sauvegarder leurs intérêts si les arrangements aujourd'hui en préparation ne devaient pas y suffire. Le Gouvernement Français, pour ces différentes raisons, estime donc avec Lord Salisbury que dans le rétablissement du Contrôle, il convient de s'écarter le moins possible des Décrets de 1876, et qu'il faut se borner à les faire revivre en ajoutant à la désignation de Contrôleurs celles d'Inspecteurs-Généraux.

Il ne saurait toutefois y avoir de doutes sur l'impossibilité de partager les attributions du nouveau Contrôle en deux services dont l'un porterait sur les recettes, et l'autre sur les dépenses. Cette division était rationnelle lorsque le Contrôleur des

Recettes était chargé de la perception de tous les revenus de l'Egypte, et avait sous sa direction l'ensemble des agents du Trésor; lorsque le Contrôleur de la Comptabilité était investi du pouvoir d'ordonner les dépenses de l'Etat et du droit d'apposer son visa sur tous les mandats ou assignations délivrés par les Ministres ou Chefs d'Administration; enfin, lorsque ses deux hauts fonctionnaires avait pour mission commune de prendre part à la confection du Budget:

Tout autre est l'esprit dans lequel le nouveau Contrôle sera appelé à fonctionner. Du moment où il ne s'agit plus que d'inspecter les divers services publics et de se rendre compte de leur marche, sans y participer directement, la distinction des recettes et des dépenses n'a plus d'objet, et il importe au contraire que les Délégués des Gouvernements Français et Anglais, dans les opérations relevant de leur compétence, agissent toujours de concert.

Sous le bénéfice de ces observations le Gouvernement Français, nous le répétons, accepte la proposition faite par Lord Salisbury, de remettre purement et simplement en vigueur l'institution du Contrôle en s'appuyant sur l'accord intervenu entre Ismaïl Pacha et les deux Gouvernements au moment où elle a cessé de fonctionner.

Il demeure, en conséquence, entendu, ainsi que le suggère le Premier Secrétaire d'Etat de Sa Majesté Britannique pour les Affaires Etrangères, que les deux Gouvernements feront connaître au Khédive la manière dont ils envisagent les nouvelles attributions des Contrôleurs, et qu'ils demanderont à son Altesse d'ajouter à la qualification de ces Agents celle d'Inspecteurs-Généraux avec les fonctions correspondantes. Les deux Cabinets feront savoir en même temps officieusement au Vice-Roi que les Contrôleurs devront s'abstenir désormais de toute ingérence dans l'Administration. Le Gouvernement de la République pense toutefois que cette combinaison n'offrirait pas une sécurité suffisante et ne produirait pas les effets que les deux Puissances ont en vue, si elle ne devait être consacrée prochainement par un Décret analogue à celui dont le projet a été soumis confidentiellement au Gouvernement Anglais, et si les attributions des Contrôleurs-Inspecteurs ne devaient être également précisées de façon à prévenir tout conflit entre eux et toute incertitude sur le caractère de leur mission.

M. Waddington est disposé à donner des instructions en ce sens au Consul-Général de France, dès qu'il saura que Lord Salisbury adresse lui-même des instructions semblables à l'Agent Anglais en Egypte.

Inclosure 2 in No. 988.

M. Waddington to Lord Lyons.

My dear Lord Lyons, *Présidence du Conseil, Paris, le 1^{er} Août, 1879.*

I SEND you herewith a Memorandum relative to the re-establishment of the Control and Inspection in Egypt. You will observe that I agree to Lord Salisbury's last proposal, but under the formal reserve that the two Governments will hereafter, and as soon as possible, take the necessary steps to have the joint attributions of the Controllers clearly defined on the basis of the draft Decree already submitted to Lord Salisbury. The division of attributions between the two Controllers would be left to their own appreciation.

Pray communicate this document confidentially to Lord Salisbury, and let us lose no more time in re-establishing the Control. To-morrow I will speak to you about the "Commission de Liquidation."

Ever, &c.
(Signed) WADDINGTON.

No. 989.

Lord Lyons to the Marquis of Salisbury.—(Received August 2.)

(No. 817. Secret.)

My Lord,

Paris, August 1, 1879.

IN considering the Memorandum and letter from M. Waddington, of which copies are inclosed in my immediately preceding despatch, your Lordship will probably notice the somewhat elaborate precautions which are taken to guard against the possibility

of the English Controller in Egypt resuming in fact the special functions assigned to him by the Decree of the 18th November, 1876.

M. Waddington's desire appears to be to establish the Control as soon as possible, and to place the English and French Controllers on a footing of complete equality. I do not think he is very sanguine as to the success of the Control, but I have no doubt that his wish is that it should succeed in checking the disorder in the Egyptian finances, which he conceives to be daily increasing, and in promoting a reasonably good administration in that country.

The information I receive from other quarters does not lead me to believe that these views are very generally shared by Frenchmen outside the Government.

There are, in the first place, a large number of unscrupulous and short-sighted holders of Egyptian bonds, or speculators in them, who chiefly desire to raise the price of them, however temporarily, in the market. These men pin their faith on M. Tricou. They desire that he should be left alone with the present incompetent Egyptian Ministers, over whom he will, they suppose, exercise predominant influence, and they trust to him to obtain (for this once at least) the payment of the November coupon, very much in the same way as Baron des Michels is believed to have obtained that of the coupon of May 1878.

There is, in the second place, a very different class of men who have no desire to see any immediate improvement in the Egyptian Administration, because they wish things to come, as speedily as possible, to a crisis, which will, they hope, lead to the reappointment of European Ministers, and to the placing the Finance Department in the hands of a Frenchman.

I will mention lastly what may be termed the "Chauvin" party, who care only for the gratification of their national vanity, and who would unhesitatingly applaud any apparent show of French supremacy in Egypt, and any apparent mortification of England.

I think that the views of all these parties exercise an influence which is not without a certain effect on the conduct of the French Government, and which, in some degree, conflicts with the cardinal points of M. Waddington's own avowed policy, which appears to be fair protection for the French bondholders, fair consideration for the prosperity of Egypt, union between France and England, on at least equal terms for France, and the exclusion, as far as possible, of the intervention of other Powers.

In fact, the plans mentioned in my Secret despatches No. 745 of the 12th instant and No. 757 of the 16th instant do not seem to have been abandoned by their authors.

I have, &c.
(Signed) LYONS.

No. 990.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 2, 9 A.M.)

(No. 593.)
(Telegraphic.)

Constantinople, August 1, 1879.

PORTÉ has communicated Firman destined for the Khedive to the Representatives of all the Great Powers. Minister for Foreign Affairs is to give French Ambassador and myself to-morrow a declaration explanatory of paragraph relating to alienation of privileges conferred upon Khedive which has been drawn up by us, and will communicate an official French translation of the whole Firman, so I hope this question will be settled. The translation that I sent home by last messenger has been changed in some respects.

No. 991.

Sir J. Walsham to the Marquis of Salisbury.—(Received August 2, 8 P.M.)

(No. 49. Confidential.)
(Telegraphic.)

Berlin, August 2, 1879.

ON my speaking to the Minister for Foreign Affairs confidentially about the views which Count Münster appeared to entertain with regard to the admission of a

Russian member on the proposed Commission of Liquidation for Egypt, as explained in your Lordship's No. 365, he said that they might be the Ambassador's own private views, but that nothing in his instructions could have led him to imagine that they were the views of the German Government, which were perfectly in accordance with those of your Lordship with respect to the composition of the Commission.

No. 992.

The Marquis of Salisbury to Lord Lyons.

(No. 1018.)

My Lord,

Foreign Office, August 2, 1879.

I HESITATE to give the instructions to Her Majesty's Agent at Cairo, as suggested in M. Waddington's note to your Excellency, until I am quite certain that I rightly understand his meaning. The standpoint from which we have viewed the question is the supreme importance of not surrendering the diplomatic position assured to the two nations by the Decree of November 1876. So long as we retain this vantage-ground we are secure from any conflicting claims which other nations might possibly be persuaded to advance. But in order to make sure of this result we must not part from any substantial portion of the Decree of November 1876 so far as the Controllers are concerned. We could not, therefore, agree to the formal abrogation of any of its main provisions in that regard. A new Decree may add to the functions of the Controllers powers of inspection more extensive and more clearly formulated than any which they now possess. But it could not divest them of the powers now attributed to them without materially weakening the title by which they hold their positions. On the other hand, I should be willing to give the English Controller instructions suspending, until further orders, the exercise of any portion of his functions which would involve administrative "ingérence;" and I should not object to communicate those instructions, unofficially, to the Khedive. At the same time, the English Controller might be instructed to arrange with his French colleague the practical distribution between them of that portion of their respective functions to which the Governments, as at present advised, desire to restrict their action.

If, in this summary of the procedure to be adopted, I have sketched out a course in which the French Minister for Foreign Affairs is prepared to concur, I will at once inform Mr. Lascelles, for communication to the Khedive, of the views of Her Majesty's Government in regard to the re-establishment of the Control.

I am, &c.

(Signed) SALISBURY.

No. 993.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 3.)

(No. 594.)

(Telegraphic.)

Therapia, August 2, 1879.

PORTE has communicated to the French Ambassador and myself, as agreed, an official translation of the Firman for the [Khedive] and the explanatory declaration. The matter may consequently be considered settled.

No. 994.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 4.)

(No. 117.)

(Telegraphic.)

Vienna, August 3, 1879.

I HAVE communicated to the Austrian Government substance of Egyptian Firman which Her Majesty's Government have consented to accept, as stated in your telegram No. 106, adding that I knew Sir H. Layard to have recommended that it should be communicated to the parties to the Treaty of Berlin before promulgation. Communication gave much satisfaction, only point upon which any observation was made being the prohibition to the Khedive to contract future loans. I said that I was under the impression that it was not intended to prevent loan, if it should be

thought necessary for the arrangement of existing financial difficulties, and that in any case Powers would always be free to grant necessary authorization if they considered it desirable.

No. 995.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 4, 10 P.M.)

(No. 89. Most Confidential.)

(Telegraphic.)

Alexandria, August 4, 1879.

KHEDIVE has received a telegram from Aarifi Pasha saying that the Sultan would be glad if Ismail Pasha might be allowed to return to Egypt, and take up his residence at Alexandria or Damietta.

Khedive has not replied to this telegram, and M. Tricou and I have recommended him not to do so.

I have told Khedive that I am convinced that Her Majesty's Government would be strongly opposed to Ismail's return.

(Sent to Constantinople.)

No. 996.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 5.)

(No. 658.)

My Lord,

Therapia, July 25, 1879.

CARATHÉODORY PASHA came to Therapia this morning to discuss with M. Fournier and myself the modifications that the Porte proposed to introduce into the draft Firman destined for Tewfik Pasha.

His Excellency seemed to be a good deal depressed in spirits, in consequence of our insisting that the order of succession established by the Firman of 1873 should not be changed. He said that great allowance should be made for the unfortunate position in which the Ministers found themselves; that, having advised the Sultan to revoke the Firman of 1873 on this point, the difficulty of going back without exposing His Majesty to the charge of levity and inconsistency was very great; but, nevertheless, yielding to the advice of the British and French Governments, and to our earnest representations on this subject, they had decided upon not altering the succession, and upon recognizing the provisions of the Firman of 1873 upon this point.

His Excellency expressed a hope that, in consideration of this important concession, we would be disposed to agree to the other modifications that the Porte desired to introduce into the new Firman.

M. Fournier and I reminded his Excellency that, as no revocation of the Firman of 1873 had been as yet officially published, and as no one had consequently any right to assume what the terms of the new Firman might be, the Sultan exposed himself to no charge whatever of having changed his mind.

As regards the proposed modifications of the Firman of 1873, it was still our opinion that, in the interest of the Porte itself, and in order to avoid any misconceptions and demands for explanations on the part of other Powers besides England and France, it would be better to insert in the new Firman textually the provisions of that of 1873. If, however, the Porte was determined to make some changes we were ready to hear what they were, and to see how far we could consent to them. Carathéodory Pasha then proposed that the right of issuing loans should be withdrawn altogether from the Khedive, as we would not consent that it should be subjected to the control and the approval of the Porte. I suggested that M. Fournier and I should discuss the matter together before giving him an answer.

His Excellency then asked that, in order to prevent the Khedive from entering into Conventions and arrangements with foreign Powers and foreigners, which might be opposed to the rights and authority of the Sultan, and detrimental to the interests and welfare of Egypt, he should be compelled, before concluding any Conventions

whatever, to submit them to the Porte for its approval. To this proposal M. Fournier most strongly objected, and declared that his Government would never accept it. After a lengthy discussion, Carathéodory Pasha modified his demand to the extent that all Conventions entered into by the Khedive should be communicated to the Porte before promulgation. This proposal, we said, we were prepared to take into consideration.

His Excellency then informed us that he considered the paragraph in the draft Firman, relating to the alienation of the Khedive of the privileges granted to him to a third party ("tiers") as a mere question of *rédaction*. He protested that our suspicions as to an *arrière-pensée* on the part of the Porte concealed in it were entirely unfounded, and that the intention of the Turkish Government was only to prevent the Khedive from giving over to foreign Powers, or to third parties, any portion of the territory or authority assigned to him by the Sultan, and that it was no way intended to restrict the power of His Highness to employ foreigners as he might think proper in his service, although the Porte did contest the right of foreign Powers to impose Ministers upon him. His Excellency added that he was prepared to accept any *rédaction* that we might propose, which would carry out the intention of the Porte, and, at the same time, be satisfactory to our Governments. We promised to take this proposal also into consideration.

As regards the limitation of the number of troops to be maintained by the Khedive in time of peace, we agreed that it should be in conformity with the Firman of 1841.

After Carathéodory Pasha had left, M. Fournier and I discussed his Excellency's proposals, and came to the following conclusions:—

1. That, as your Lordship had informed me that you would not object to an absolute prohibition to the Khedive to contract loans in future, it being clearly understood that the power to do so should not depend upon the sole approval of the Porte, we could agree to his Excellency's proposal upon this point.

2. That, as the Firman of 1873 inferred the right of the Porte to prevent the Khedive from concluding, or renewing, Conventions which violated the political Treaties entered into by the Porte ("sans porter atteinte aux Traités politiques de ma Sublime Porte" are the words of the Firman), we saw no objection to his Excellency's proposal that the Khedive should be obliged to communicate to the Porte all Conventions concluded by him before promulgation.

3. That we should alter the paragraph relating to the alienation of the privileges granted by the Sultan to the Khedive so that its object might be perfectly clear; and

4. That the number of troops to be maintained by the Khedive should be limited in time of peace to 12,000 men, to be increased in time of war as it might be considered desirable.

We agreed to urge upon his Excellency to retain in other respects the Firman of 1873 unaltered, and to reproduce textually its terms in the new Firman.

M. Fournier was good enough to undertake to draft a letter embodying our decision, which, when I had approved of it, we should each send to Carathéodory Pasha. I have the honour to inclose a copy of it.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 996.

Sir A. H. Layard to Carathéodory Pasha.

M. le Ministre,

Thérapia, le 25 Juillet, 1879.

APRÈS notre entretien avec vous nous sommes revus, M. Fournier et moi.

Nous sommes complètement d'accord sur les points suivants, et nous pensons par cet accord, qui a le plus grand désir de vous venir en aide, faciliter une prompte solution de la difficulté si inopinément survenue.

1. Il est bien entendu que le Firman transmis au Prince Tewfik maintiendra le droit d'aînesse en faveur de son fils aîné, et de l'aîné, de son fils aîné, et ainsi de suite.

2. Le Khédivé sera autorisé à contracter et à renouveler, sans porter atteinte aux Traités politiques de la Sublime Porte, les Conventions avec les Agents des Puissances

étrangères pour les douanes et le commerce, et pour toutes les transactions avec les étrangers concernant les affaires intérieures et autres, et cela dans le but de développer le commerce et l'industrie, et de régler la police des étrangers, et tous leur rapports avec le Gouvernement et la population. Ces Conventions seront communiquées à la Porte avant leur promulgation.

3. Le Khédivé aura la disposition complète et entière des affaires financières du pays. Mais il n'aura pas le droit de contracter des emprunts sauf pour ce qui concerne le règlement de la situation financière présente, et en parfait accord avec ses présents créanciers.

4. Le Khédivé ne saura sous aucun prétexte ni motif aliéner même temporairement les privilèges accordés à l'Égypte, et qui sont une émanation des prérogatives inhérentes au pouvoir souverain, ni aucune partie du territoire qui lui est confié.

Nous sommes d'accord que les modifications dans ce sens peuvent être acceptées mais nous ne saurions aller plus loin.

Nous sommes même décidés à ne pas admettre le paragraphe ainsi conçu: "Les droits de l'autorité doivent être constamment défendus par des mains sûres auxquelles nous les avons confiées, et tout acte contraire doit être évité," et à insister sur sa suppression pure et simple sans y rien substituer.

Nous pensons encore comme nous avons toujours pensé, qu'il serait bon que le Firman fût dans toutes les parties, l'intitulature y compris, bien entendu dans la forme et dans le fond, sauf les modifications sus-indiquées, vraisemblablement adoptées par nos Gouvernements le même que celui de 1873, avec un simple changement de date.

Cela rendra clair ce qu'il est de l'intérêt de la Sublime Porte de rendre clair pour tout le monde.

Nous vous le conseillons encore afin d'éviter les demandes et les explications les scupçons motivés par une phraséologie nouvelle qui n'a pas de raison d'être, en effet, si on maintient ce qui est.

Nous ne doutons pas que vous ne preniez en sérieuse et pratique considération nos observations, et que vous ne terminiez promptement cette affaire, ce qui est urgent.

(Signed) A. H. LAYARD.

P.S.—Je vous mets en post-scriptum la rédaction du paragraphe qui nous paraît le mieux traiter la question de l'armée, et que je ne doute pas de voir accepter par nos Gouvernements:—

"En temps de paix 18,000 hommes de troupes suffisent pour la garde intérieure de l'Égypte; ce nombre ne pourra être dépassé. Cependant, comme les troupes Égyptiennes sont destinées au service de la Sublime Porte non moins que les autres forces de l'Empire, elles pourront être augmentées en temps de guerre dans la proportion qui sera jugée convenable."

A. H. L.

No. 997.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 5.)

(No. 670.)

My Lord,

Thérapia, July 27, 1879.

I HAVE the honour to inclose copy of a note I addressed to Carathéodory Pasha on the 23rd instant, pressing for an acknowledgment of my note of the 19th instant with reference to the communication to Her Majesty's Government of the Firman destined for Tewfik Pasha. I also inclose copy of a note from his Excellency, dated the 24th instant, containing the acknowledgment in question.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure 1 in No. 997.

Sir A. H. Layard to Carathéodory Pasha.

M. le Ministre,

Therapia, July 23, 1879.

I HAD the honour of addressing a note to your Excellency on the 19th instant, with reference to the communication to Her Majesty's Government, previous to its promulgation, of the Firman destined for His Highness Tewfik Pasha. Although I requested your Excellency therein to acknowledge its receipt, I have not yet heard from your Excellency. I should, therefore, feel obliged to your Excellency if you would send me an answer without further delay.

I avail, &c.
(Signed) A. H. LAYARD.

Inclosure 2 in No. 997.

Carathéodory Pasha to Sir A. H. Layard.

M. l'Ambassadeur,

Sublime Porte, le 24 Juillet, 1879.

EN réponse à la note que votre Excellence a bien voulu m'adresser le 23 Juillet, j'ai l'honneur d'en accuser réception de sa note du 19 Juillet, demandant la communication au Gouvernement de Sa Majesté Britannique du Firman destiné à son Excellence Tewfik Pacha, préalablement à sa promulgation.

Veillez, &c.
(Signé) A. CARATHÉODORY.

No. 998.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 5.)

(No. 676.)

My Lord,

Therapia, July 28, 1879.

CARATHÉODORY Pasha came to Therapia yesterday to communicate the revised draft of the Firman for Tewfik Pasha to M. Fournier and myself. He had carried out to a great extent our suggestions, but there were still some points which were open to discussion. M. Fournier had received instructions to insist upon a distinct declaration that the words of the Firman of 1873, as regards the succession descending from the eldest son to the eldest son, should be inserted in the new Firman, to which Carathéodory was at length brought to agree, as also to some other minor amendments.

His Excellency had added the words "previous to their execution" to "previous to their promulgation," in the paragraph relating to the right of the Khedive to enter into Conventions with the Agents of foreign Powers. We insisted upon their withdrawal. His Excellency said that he would go at once to the Council of Ministers, which was then sitting, and hoped to obtain its sanction to the changes which we had proposed, and to which he could not take upon himself to agree without its sanction.

This morning we waited upon Carathéodory Pasha to settle the amended Firman, which his Excellency informed us had been submitted last night to the Council of Ministers, had been approved by it, and had now been sent to the Palace for the Sultan's Iradé.

M. Longeville, the French Chief Interpreter, having raised an objection to the Turkish words translated "communiquées" in the paragraph "seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive" (an objection, I may observe, not shared in by Sir A. Sandison), on the ground that they inferred that the Conventions required the Sultan's approval before promulgation, Carathéodory Pasha, after some discussion, agreed to have them changed as proposed by M. Longeville.

M. Fournier then raised a question, also on M. Longeville's suggestion, as to whether the Turkish version of the whole of the paragraph in question would not admit of the construction that the Khedive could not promulgate Conventions entered

into by him with the Agents of foreign Powers, without the previous authorization and sanction of the Sultan, and accused the Porte of having designedly used ambiguous expressions, in order to entrap himself and me. Carathéodory Pasha warmly repudiated the accusation, and gave us the most distinct assurances that the Turkish text had accurately rendered the French version, which M. Fournier himself had prepared. My colleague vehemently insisted that there was a trap. Carathéodory Pasha declared that he could not make so important an alteration in the text of the Firman as that required by my colleague without submitting it again to the Council and to the Sultan, which would necessarily cause a considerable delay. As I considered it very desirable that the matter should be settled at once, and I did not altogether share my colleague's suspicions, I proposed that M. Fournier and I should address a note to his Excellency, recording the statement that he had made to us, that the words used in the Turkish text in no way implied an obligation on the part of the Khedive to obtain the authority or sanction of the Sultan before the promulgation of Conventions concluded by him, except in the case provided for by the Firman itself, of their being a violation of the political Treaties and sovereign rights of the Porte.

To this suggestion both Carathéodory Pasha and M. Fournier agreed, and I drew up a note to this effect, a copy of which I have the honour to inclose.

My French colleague then stated to Carathéodory Pasha that he had been instructed by his Government to inform him that Prince Bismarck had declared that he would not recognize the Firman unless it had been communicated to him before its publication, and to advise the Porte to deliver a copy of it, as soon as it had been approved by us, to the German and Austrian Ambassadors. His Excellency objected that, if he took this course, it would excite the susceptibilities of Russia and Italy, and might cause embarrassments to the Porte, which it was very desirable to avoid. I suggested that, to meet the difficulty, his Excellency might send a Circular to all the Representatives of the Powers, parties to the Treaty of Berlin, communicating to them the text of the Firman before it was sent to the Khedive. This suggestion was also approved.

I beg to inclose the text of the translation of the draft Firman, as amended and finally approved by M. Fournier and myself.

I have, &c.
(Signed) A. H. LAYARD.

P.S.—M. Fournier and I think that it would be desirable to communicate to the Khedive our joint declaratory note respecting the explanation given by Carathéodory Pasha of the meaning of the words "seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive."

A. H. L.

Inclosure 1 in No. 998.

*Sir A. H. Layard and M. Fournier to Carathéodory Pasha.**Therapia, le 28 Juillet, 1879.*

LES Soussignés, Ambassadeurs d'Angleterre et de France près la Sublime Porte, ayant demandé à son Excellence le Ministre Ottoman des Affaires Etrangères si dans le texte Turc du Firman destiné à Son Altesse le Khédive d'Egypte, Tewfik Pasha, les mots traduits en Français par "les Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive," admettaient un sens qui serait d'empêcher le Khédive de promulguer les dites Conventions avant d'avoir reçu préalablement l'autorisation ou la sanction de la Porte.

Son Excellence Carathéodory Pasha a formellement et explicitement déclaré que le paragraphe en question excluait toute obligation de la part du Khédive d'obtenir la sanction ou l'autorisation du Sultan pour promulguer ou mettre en pratique les dites Conventions.

Toutefois la Porte, se réservant le droit de refuser de reconnaître ou de sanctionner les dites Conventions, et devant toujours être à temps pour le faire si elles portaient atteinte aux Traités politiques de la Sublime Porte et à ses droits souverains sur l'Egypte, comme il est dit dans le texte même du Firman,

Les Ambassadeurs d'Angleterre et de France ont l'honneur d'informer son Excellence Carathéodory Pasha qu'ils prennent acte de son expresse déclaration afin qu'ultérieurement aucune autre interprétation ne puisse être donnée aux mots "les

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Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive," et que le sens n'en puisse jamais varier.

Les Ambassadeurs soussignés prient son Excellence de leur accuser réception de leur déclaration en leur faisant savoir qu'elle l'accepte entièrement et qu'il en est pris acte.

Ils saisissent, &c.
(Signé) A. H. LAYARD.
H. FOURNIER.

Inclosure 2 in No. 998.

Draft Firman.

(Traduction.)

À mon Vizir éclairé Tewfik Pacha, appelé au Khédiviat d'Egypte avec le haut rang de Tédaret, décoré de mes Ordres Impériaux Que le Tout-Puissant perpétue ta splendeur!

ISMAIL PACHA, Khédive d'Egypte, ayant été relevé de ses fonctions, le . . . , eu égard à tes services, à ta droiture, et à ta loyauté tant à ma personne qu'aux intérêts de mon Empire, à ton expérience des affaires d'Egypte, à ta capacité pour réformer la mauvaise situation dont ce pays souffre depuis quelque temps, et conformément à la règle établie par le Firman de 1866 pour la transmission du Khédiviat de fils aîné en fils aîné par ordre du primogéniture—nous avons conféré à toi, en la qualité de fils aîné d'Ismail Pacha, le Khédiviat d'Egypte tel qu'il se trouve formé par ses anciens limites, et en y comprenant les territoires qui y ont été annexés.

L'accroissement de la prospérité de l'Egypte et la consolidation de la sécurité et de la tranquillité de ses habitants constituant l'objet de notre plus haute sollicitude, nous avons rendu, il y a quelque temps, dans ce but, un Firman Impérial qui confirmait aussi les privilèges anciens de cette contrée; cependant, quelques-uns des dispositions du susdit Firman ayant donné lieu aux difficultés actuelles, en vue de confirmer ceux de ces privilèges qui doivent être maintenus intacts, et de corriger et améliorer ceux de ces privilèges qui ont paru nécessiter quelques modifications, nous avons fait insérer ici même les dispositions suivantes:

Tous les impôts de cette province seront perçus en mon nom. Les habitants d'Egypte, étant de mes sujets, et ne devant comme tels subir en aucun temps la moindre oppression ni acte arbitraire, à cette condition le Khédiviat d'Egypte, auquel est confiée l'administration civile, financière, et judiciaire du pays, aura la faculté d'élaborer et d'établir d'une manière conforme à la justice tous règlements et lois intérieurs nécessaires à cet égard.

Le Khédive sera autorisé à contracter et à renouveler, sans porter atteinte aux Traités politiques de mon Gouvernement Impérial, ni à ses droits souverains sur ce pays, les Conventions avec les Agents des Puissances Etrangères pour toutes les transactions avec les étrangers, concernant les affaires intérieures, et cela dans le but de développer le commerce et l'industrie et de régler la police des étrangers et tous leurs rapports avec le Gouvernement et la population, les Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive.

Le Khédive aura la disposition complète et entière des affaires financières du pays. Mais il n'aura pas droit de contracter des emprunts, sauf spécialement pour ce qui concerne le règlement de la situation financière présente, et en parfait accord avec ses présents créanciers, ou les délégués chargés officiellement de leurs intérêts.

Le Khédiviat ne saura sous aucun prétexte ni motif abandonner à d'autres, même temporairement, en tout ou en partie, les privilèges accordés à l'Egypte et qui lui sont confiés, et qui sont une émanation des prérogatives inhérentes au pouvoir souverain, ni aucune partie du territoire.

L'Administration Egyptienne aura soin de payer régulièrement le tribut annuel fixé à £ T. 750,000.

La monnaie sera frappée en Egypte à mon nom.

En temps de paix 18,000 hommes de troupes suffisent pour la garde intérieure de l'Egypte. Cependant, comme les forces Egyptiennes de terre et de mer sont destinées aussi au service de mon Gouvernement, dans le cas où la Sublime Porte se trouvera engagée dans une guerre, leur chiffre pourra être augmenté dans la proportion jugée convenable.

Les drapeaux des forces de terre et de mer et les insignes des différents grades des officiers seront les mêmes que ceux de mes armées.

Le Khédiviat aura le droit de conférer directement aux officiers de terre et de mer jusqu'au grade de Colonel inclusivement, et aux employés civils jusqu'au grade de Sanige inclusivement. Les grades supérieurs à ceux indiqués ci-dessus ne pourront être conférés qu'après avoir été soumis à ma sanction. Comme par le passé, on ne pourra construire de bâtiments blindés de guerre sans l'autorisation expresse de mon Gouvernement.

Tu veilleras au strict maintien des conditions qui précèdent et qui ayant été sanctionnées par mon Iradé Impérial, ont été consignées dans mon présent Firman, orné de mon autographe Impérial, et qui te sera remis par

No. 998*.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 5.)

(No. 471. Confidential.)

My Lord,

Vienna, July 29, 1879.

I UNDERSTAND that the Messrs. Rothschild have requested the support of the Austrian Government for the Decree proposed by them to the Khedive.

They were informed in reply that the Imperial Government must remain entirely passive in the matter, for no communication had been made to them on the subject by any other Government, and they could not be parties to a proposal for putting more money at the disposal of the Khedive over the expenditure of which no control had been established.

Upon learning this answer I repeated to Baron Calice that although I had no information respecting the views of Her Majesty's Government in regard to the control he thought so necessary, he might, I believed, safely assume that one would be established before the remainder of the loan was paid.

His Excellency answered, rather drily, that I might be right in this supposition, but no intimation to that effect had been made to the Imperial Government, which was bound, therefore, to act with reserve.

I have, &c.
(Signed) HENRY ELLIOT.

No. 999.

The Marquis of Salisbury to Mr. Lascelles.

(No. 38.)

(Telegraphic.)

Foreign Office, August 5, 1879, 1 A.M.

YOUR action reported in your telegram No. 89 is quite approved. Resist to the utmost of your power the grant to Ismail Pasha of permission to return to Egypt.

No. 1000.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 208.)

(Telegraphic.)

Foreign Office, August 5, 1879, 1:30 A.M.

HER Majesty's Agent in Egypt reports that he has repeated to you his telegram to me of yesterday, respecting proposal made by Aarifi that Ismail Pasha should be allowed to return to Egypt.

If Aarifi has done this without informing you, it is very treacherous. Pray ascertain whether he has done it; if so, by whose counsel, and with what purpose.

No. 1001.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1027.)

Sir,

Foreign Office, August 5, 1879.

YOUR Excellency will have learned, from the telegram sent to you yesterday by Mr. Lascelles, that the Sultan is reported to have suggested to the Khedive, through Aarifi Pasha, that permission should be granted to Ismail Pasha to return to Egypt.

I have now requested your Excellency, by telegraph, to endeavour to ascertain whether Aarifi Pasha has really acted in this treacherous manner, and if so, by whose advice, and what purpose he has in view.

I am, &c.
(Signed) SALISBURY.

No. 1002.

The Marquis of Salisbury to Mr. Lascelles.

(No. 208.)

Sir,

Foreign Office, August 5, 1879.

I HAVE received with considerable surprise the information contained in your telegram of yesterday, announcing that the Sultan has expressed to the Khedive, through Aarifi Pasha, his hope that permission might be given to Ismail Pasha to return to Egypt, and to reside at Alexandria or Damietta.

I entirely approve the advice which, in conjunction with your French colleague, you gave to His Highness, when you recommended that he should return no reply to this suggestion; and instructions were sent to you by telegraph early this morning that you should use your utmost endeavours to prevent the return of Ismail Pasha to Egypt.

I am, &c.
(Signed) SALISBURY.

No. 1003.

Lord Lyons to the Marquis of Salisbury.—(Received August 6.)

(No. 832.)

My Lord,

Paris, August 5, 1879.

M. WADDINGTON told me this afternoon that Prince Hohenlohe, the German Ambassador, had brought him a proposal, on the part of the Austro-Hungarian as well as of the German Government, respecting the institution of a "Commission de Liquidation" in Egypt.

According to this proposal, the Commission was to be composed of two French, two English, one Austrian, and one German member. No mention was made of a Russian member.

The powers of the Commission were to be large, and the acceptance of its decisions by the Egyptian Government and their creditors to be compulsory.

The subject matter to which its functions and powers were to be applied was stated very vaguely.

Having given me this account of the proposals communicated to him by Prince Hohenlohe, M. Waddington informed me that he had said to the Prince that he had no objection to make to the composition of the Commission, and had added that he also thought it necessary that the decisions of the Commission should be final, and should have a compulsory force.

He had, however, he told me, proceeded to express distinctly to Prince Hohenlohe his opinion that the Commission should deal only with the floating debt; and that neither as regarded any of the bonded debts, nor as regarded the sum to be set apart for the administration of Egypt, should the Commission have any authority, these matters having been already satisfactorily provided for by the "Commission d'Enquête."

M. Waddington observed that Prince Hohenlohe, who was not very familiar with the details of Egyptian financial matters, had merely promised to report what had been said to his Government.

M. Waddington then told me that the Memorandum which he was to give me respecting the "Commission de Liquidation" had been prepared, but that he should like to keep it back until he had more complete information respecting the new Austro-German proposal.

M. Waddington remarked, at the end of the conversation, that he considered the affair of the Firman of Investiture as now completely settled.

I have, &c.
(Signed) LYONS.

No. 1004.

Lord Lyons to the Marquis of Salisbury.—(Received August 6.)

(No. 128.)

(Telegraphic.)

Paris, August 5, 1879, 5.30 P.M.

I HAVE given French Minister for Foreign Affairs a Memorandum in the exact words of your despatch No. 1018 of the 2nd about the Control.

He desires me to tell you that he accepts it entirely, and will send by telegraph instructions in accordance with it to the French Agent at Cairo.

No. 1005.

Lord Lyons to the Marquis of Salisbury.—(Received August 6.)

(No. 129.)

(Telegraphic.)

Paris, August 5, 1879, 5.45 P.M.

FRENCH Minister for Foreign Affairs has received a telegram from the French Agent at Cairo stating that the Khedive has been requested, by a telegram sent in the name of the Sultan, to allow Ismail Pasha to return to Egypt.

French Minister for Foreign Affairs sends this morning by telegraph to the French Representatives at Cairo and Constantinople orders to declare absolutely that France will not allow the return of Ismail, nor permit any discussion on the subject.

His Excellency considers it a bad joke, or rather a painful mark of duplicity and unfriendliness on the part of the Porte.

No. 1006.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 6.)

(No. 99.)

(Telegraphic.)

Alexandria, August 6, 1879.

MR. FITZGERALD arrived here this morning.

No. 1007.

The Marquis of Salisbury to Mr. Lascelles.

(No. 39.)

(Telegraphic.)

Foreign Office, August 6, 1879, 6.20 P.M.

WITH reference to your telegram No. 92 of 13th ultimo, Major Baring will be appointed English Controller under Decree of November 1876, but instructions, which will be unofficially communicated to Khedive, will be given to him to suspend, until further orders, the exercise of any portion of his functions which would involve administrative "ingérence." On the other hand, a Decree conferring upon the Controller large powers of inspection will be submitted to His Highness by the two Governments, who trust that he will sanction it.

Inform Khedive.

French Agent will receive an instruction similar to the above.

No. 1008.

The Marquis of Salisbury to Mr. Lascelles.

(No. 41.)

(Telegraphic.)

Foreign Office, August 6, 1879, 6.35 P.M.

YOU may use your influence unofficially with the Egyptian Government to bring about the reinstatement of Mr. Fitzgerald in the post which he resigned last April.

No. 1009.

The Marquis of Salisbury to Mr. Lascelles.

(No. 210.)

Sir,

Foreign Office, August 6, 1879.

IN your telegraphic despatch of the 7th ultimo you stated that you had been informed by Chérif Pasha that the Khedive would agree to appoint Controllers-General nominated by France and England, whose powers, however, should be limited to investigation and verification, and who should not exercise any administrative or executive functions.

You have been apprized, in my despatch No. 189 of the 11th ultimo, that the two Governments have resolved to agree to the offer of His Highness in principle, and to concur in the re-establishment of the Control under the Decree of November 1876.

I have now to inform you that Major Baring has intimated his willingness to accept the position of English Controller under the Decree in question.

For the present, at least, it is understood that no direct administrative authority shall be exercised by the Controllers, but that in place of it a great extension shall be given to their functions of inspection and supervision, and that they shall be invested with all the powers necessary to enable them to exercise those functions with effect. This arrangement is in concurrence with the views of His Highness the Khedive; and Major Baring is anxious that his position and the scope of his responsibility in this respect should be made clear. A Decree conferring further powers of inspection upon the two Controllers will probably be necessary, and suggestions having that end in view will be submitted to His Highness.

It is desirable that, at the same time, you should receive from the Government of His Highness a written undertaking that the Controller shall not be removed from his post without the consent of Her Majesty's Government.

An instruction in the sense of this despatch will be sent to your French colleague by M. Waddington; and I have telegraphed to you its substance in order that you might lose no time in informing the Khedive.

I have, &c.
(Signed) SALISBURY.

No. 1010.

The Marquis of Salisbury to Mr. Lascelles.

(No. 212.)

Sir,

Foreign Office, August 6, 1879.

MR. FITZGERALD, who resigned last April the post he then held in Egypt in the Ministry of Finance as Controller-General of Accounts, having now returned to that country, I have informed you this evening by telegraph that you are authorized to use your influence with the Egyptian Government, unofficially, to effect his reinstatement in the position previously occupied by him.

I am, &c.
(Signed) SALISBURY.

No. 1011.

The Marquis of Salisbury to Mr. Lascelles.

(No. 213. Secret.)

Sir,

Foreign Office, August 6, 1879.

WITH reference to my despatch No. 210 of this day's date, I have authorized you by telegraph to inform the Khedive, confidentially, that an intimation will be made to the English Controller, which you will be instructed to communicate unofficially to His Highness, that he is to abstain for the present from exerting any of the powers or functions conferred upon him by the Decree of the 18th November, 1876, which involve a direct exercise of administrative authority on his part. This line of action

will be maintained by him until further orders, in deference to the wish expressed to you in that behalf by His Highness the Khedive.

I have, &c.
(Signed) SALISBURY.

No. 1012.

Lord Lyons to the Marquis of Salisbury.—(Received August 7.)

(No. 829.)

My Lord,

Paris, August 5, 1879.

I HAD this morning the honour to receive your Lordship's despatch No. 1018 of the 2nd instant, containing observations on the instructions to be given to the British and French Agents at Cairo on the subject of the Control which were proposed by M. Waddington in the Memorandum he sent me on the 1st instant.

I took M. Waddington this afternoon an informal and confidential Memorandum which I had drawn up as nearly as possible in the exact terms of your Lordship's despatch.

After reading it attentively more than once, his Excellency desired me to tell you that he accepted it entirely, and that he would send by telegraph instructions to the French Agent at Cairo in accordance with it.

At M. Waddington's request I left the Memorandum with him.

I have, &c.
(Signed) LYONS.

No. 1013.

Lord Lyons to the Marquis of Salisbury.—(Received August 7.)

(No. 831.)

My Lord,

Paris, August 5, 1879.

M. WADDINGTON informed me this afternoon that he had been informed by telegraph by the French Agent at Cairo that the Khedive had received a telegram containing a request from the Sultan that Ismaïl Pasha might be allowed to return to Egypt and take up his residence there.

M. Waddington said that this extraordinary proceeding looked almost like a bad joke, but that he feared that it must in reality be taken as a painful mark of duplicity and unfriendliness.

His Excellency begged me to inform your Lordship that he should immediately send by telegraph to the French Representatives at Cairo and Constantinople positive orders to declare, without reserve, that the French Government would neither consent to the return of Ismaïl Pasha to Egypt nor allow any discussion on the subject.

I have, &c.
(Signed) LYONS.

No. 1014.

The Marquis of Salisbury to Lord Lyons.

(No. 1029.)

My Lord,

Foreign Office, August 7, 1879.

I HAVE received your Excellency's despatch No. 795 of the 25th ultimo, stating that M. Waddington had begged you to inform me that he was quite willing that the Presidency of the new Commission of Liquidation in Egypt should be assigned to an Englishman; and I have to request your Excellency to express to M. Waddington my satisfaction at this voluntary proof of goodwill on his Excellency's part.

I am, &c.
(Signed) SALISBURY.

No. 1015.

Lord Lyons to the Marquis of Salisbury.—(Received August 8.)

(No. 842. Very Confidential.)

My Lord,

Paris, August 7, 1879.

IN my despatch No. 744, Very Confidential, of the 12th ultimo, I mentioned that M. Waddington had said to me that he had too much reason to believe that M. Tricou had been privy to the order forbidding Nubar Pasha to return to Egypt, even if he had not taken an active part in obtaining it.

Some time afterwards M. Waddington, in answer to an instruction which had been sent to him on the subject, received from M. Tricou a telegram stating that the Khedive, in deference to his (M. Waddington's) desire, revoked the measure taken against Nubar Pasha, but with the reservation that Nubar should not return to Egypt until after a previous agreement on the subject between the French and Egyptian Governments.

M. Waddington wrote yesterday to Nubar Pasha an autograph letter assuring him that every obstacle to his return to Egypt should be removed by the month of December next at latest.

I have, &c.
(Signed) LYONS.

No. 1016.

Count Montgelas to the Marquis of Salisbury.—(Received August 8.)

(Private.)

Dear Lord Salisbury,

Belgrave Square, August 7, 1879.

WITH reference to the despatch concerning the Rothschild Decree, of which I entertained you yesterday, I beg to repeat that the reason why Count Andrassy is at present not inclined to sanction that Decree is the absence of any guarantee as to the proper disposal of the Rothschild Loan when once in the hands of the proper authorities in Egypt.

I further beg to state that, in the opinion of the Austro-Hungarian Government, the proposal of the Egyptian Government to issue such a Decree is in itself a proof how necessary it is to come to an agreement of some sort between the Powers, either on the lines put forward by Count Andrassy, and of which you again expressed an approval yesterday, or on some other lines.

The Imperial and Royal Government have witnessed with great regret the fact that the institutions introduced into Egypt by England and France, which had received the cordial support of Austria-Hungary, have not proved a permanent or complete success. My Government have sufficient interests in Egypt to engage their serious attention to Egyptian affairs, although those interests are not so weighty as those of England and France. Count Andrassy, therefore, attaches importance to having this fact recognized in a practical shape by the participation of Austria-Hungary in the institutions to be introduced into Egypt in order to attain the end of assuring tranquillity and stability to that country. This is a second reason for our not being inclined to sanction a Decree which, before such institutions are carried out, would remove the only safeguard actually possessed by the floating debt creditors.

I have submitted, by a report I sent yesterday, your suggestion to have the proceeds of the Rothschild Loan paid over to the "Caisse de la Dette Publique."

Believe me, &c.
(Signed) R. MONTGELAS.

No. 1017.

Sir G. Elliot to the Marquis of Salisbury.—(Received August 8.)

My Lord,

1, Park Street, Park Lane, W., August 5, 1879.

I UNDERSTAND that Commissioners will be appointed to examine into and adjust questions of finance and indebtedness of the Egyptian Government, and that

one or more of such Commissioners will be appointed by the English Government.

Assuming it may be necessary to empower these Commissioners to investigate the claims founded upon judgments obtained in the local Tribunals to ascertain what really is the actual pecuniary indebtedness, or the consideration which has actually passed, irrespective of the amount declared to be payable by the judgment, I suggest that one or other of the accompanying provisos be, in substance, annexed to the instructions of the English Representatives.

I have, &c.
(Signed) GEORGE ELLIOT.

Inclosure in No. 1017.

Draft Proposals.

(A.) That the power of the Commissioners shall not be held to extend to the interference with or disturbance (legislatively or otherwise) of substituting Conventions of a *bond fide* character deliberately made between the Egyptian Government and Contractors for Public Works (such as those Conventions under which Messrs. Greenfield and Co. have constructed the harbour works of Alexandria), nor shall they in any such case interfere with validly constituted special securities existing in virtue of such Conventions and their execution.

(B.) That no Convention of a *bond fide* character which may have been entered into between the Egyptian Government and any person, firm, or company for public works, nor any securities constituted in respect of such Convention or the execution thereof, shall be altered or interfered with against the will of such person or company, unless in such case the proposed change or other measure shall have been remitted for, and have obtained the sanction of, the English and French Governments.

No. 1018.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 8, 9.45 A.M.)

(No. 599.)

(Telegraphic.)

Therapia, August 7, 1879, 7.11 P.M.

IT appears that the Sultan, having been appealed to by the ex-Khedive and some of his family, has asked Tewfik Pasha whether he will permit them to reside in Egypt, but without consulting the Porte. Minister for Foreign Affairs highly disapproves, and has remonstrated with Sultan. I have also to-day made representations on the subject to His Majesty, but have not received his answer, although promised for this evening. I am doing my utmost to induce him to withdraw his request to Tewfik Pasha.

I understand Ali Fuad Bey and Abraham Pasha will leave immediately with the Firman.

No. 1019.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 8, 11.30 A.M.)

(No. 100.)

(Telegraphic.)

Alexandria, August 8, 1879, 10 A.M.

M. TRICOU has written a note to Chérif Pasha demanding the dismissal of Mr. Archer Shee, Inspector-General of Customs.

It appears that some days ago, upon M. Tricou's demand, an employé in the Customs was dismissed on account of an insult offered to French Consul at Port Said.

M. Tricou now says that Mr. Shee, by refusing to carry out the instructions given him by Mr. Serivenor, prevented the execution of the order.

I have warned the Khedive that Mr. Shee having been designated by Her Majesty's Government his dismissal, without his having an opportunity of defending himself, would produce a very bad impression in England.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 8, 2 P.M.)

(No. 101.)
(Telegraphic.)

Cairo, August 8, 1879, 12:30 P.M.

WITH reference to your telegram No. 39, M. Tricou and I communicated to Khedive yesterday afternoon the nature of the Control which our Governments intended to re-establish in Egypt.

His Highness accepted it gladly, and said he would see Major Baring's return with pleasure, but he thought choice of M. de Blignières an unfortunate one. It would be supposed that he would return with the idea of revenging himself, and the feeling in the country would be so strong against him that His Highness was afraid he would meet with a very bad reception. The Khedive added that M. de Blignières' return would be likely to impair His Highness' popularity, which he was anxious to retain.

The Khedive then said that the [group omitted]s he had made with regard to M. de Blignières applied equally to Mr. Wilson, who, he understood, was likely to be sent out as President of the Commission of Inquiry.

I replied that Mr. Wilson was not of a nature to bear malice, and that, even if he was, the only person upon whom he might desire to be revenged was Ismail Pasha, whose departure had completely changed the position of affairs.

His Highness answered that the two former European Ministers had left a bad impression in the country. Personally he had no objection to them, having always been on good terms with both of them, but at this moment it was necessary to calm instead of exciting public opinion, and, therefore, he would regret to see their return. He would be, however, prepared to submit to the will of the Powers if they should insist on their nomination.

M. Tricou made no attempt to shake Khedive's opinion, and merely said that he would communicate His Highness' answer to his Government.

No. 1021.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 9.)

(No. 430. Political.)
My Lord,

Alexandria, July 31, 1879.

WITH reference to my despatch No. 425 of the 24th instant, M. Tricou informed me on the 28th instant that the Khedive, in consequence of the bad impression produced in Europe by the prohibition against the return of Nubar Pasha to Egypt, the Khedive had determined to withdraw the telegram which he had addressed to his Excellency.

It will, however, be necessary for Nubar Pasha to ask His Highness' permission before coming back to Egypt.

I had the honour to convey the above information to your Lordship in my telegram No. 97 of the 28th instant.

In a conversation which I have since had with the Khedive, I expressed my satisfaction at hearing that His Highness had withdrawn his telegram to Nubar Pasha, and I hoped that the step he had now taken would remove the bad impression that had been created by the prohibition against his Excellency's return.

The Khedive said that he was most anxious to avoid all questions of personality, and that from the first he had been averse to taking such a strong measure as that of forbidding Nubar Pasha to return to Egypt, but that he had been unable to resist the strong pressure that had been put upon him.

I have, &c.
(Signed) FRANK C. LASCELLES.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 9.)

(No. 431. Political.)
My Lord,

Alexandria, July 31, 1879.

IN continuation of my despatch No. 426 of the 24th instant, I have the honour to transmit a copy of a despatch which I have received from the Acting British Vice-Consul at Cairo, inclosing a Report from the British Consular Agent at Luxor, on the condition of the fellaheen in Upper Egypt.

I have also the honour to inclose a copy of a Report from Mr. Borg upon the the distress and insecurity existing in the district of Kalioubiyeh.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1022.

Mr. Borg to Mr. Lascelles.

Cairo, July 30, 1879.

Sir,

THE British Consular Agent at Luxor has addressed to me a Report, of which I have the honour to inclose a translation, setting forth that the emigration of fellaheen continues, and that a large number of residents in the neighbourhood of Erment have abandoned their homes. The distress prevailing in that district of itself alone would have induced the peasantry to emigrate, but their condition seems to be much aggravated by the treatment which they are represented as receiving at the hands of the authorities, and it may not be unreasonable to expect a general exodus if that treatment does not receive some modification.

The corvée, it appears, is still carried on in the usual barbarous manner, injustice and ill-treatment in the levying of octroi duties, demands upon the fellah so numerous that he is at a loss which to satisfy first, injustice in the measurement and valuation of the winter crop destroyed, are some of the heads which Moustapha Aga signals against the authorities; charges these which, in the present state of the country, cannot but produce most deplorable effects and stigmatize the Administration.

I have, &c.
(Signed) RAPH. BORG.

Inclosure 2 in No. 1022.

Report by Moustapha Aga Ayad.

(Translation.)

1. I SAW several emigrants passing through here in dire distress and poverty.
2. The greater part of the population residing in the neighbourhood of Erment have abandoned their homes.
3. The men on corvées or other Government works are still treated as before.
4. Taxes and other items are levied with much ill-treatment.
5. The Serrafs of villages do not enter in their daily accounts the sums recovered.
6. The demands upon the fellah are so numerous that he is at a loss which to pay first.

7. The winter crops destroyed have not been correctly measured or estimated.
8. The son of the Sheikh El Belad has been appointed at the head of the Octroi Department. The fellaheen do not know what duty is payable on each article, and are grossly insulted and ill-treated whenever they ask for explanations.

On the 27th Ragab, 1296 (16th July), I saw watchmen of the village escorting poor people and beating them in an awful manner. On inquiry I ascertained that they were being taken to carry wheat from the Government Shounas here to the steamer "Talkha." I complained to the Lieutenant who has temporary charge of the Police Office, and asked him to set at liberty the men I saw and also those who were illegally detained in custody with a similar object. He said he would see to the matter, and left me. On the 30th Ragab (19th July), while sitting before the door of my house, which is in the neighbourhood of the Zabtiah, I heard cries and wailings from the direction of the river and towards the Zabtiah, and I ascertained that the persons on whose behalf I had interfered had not been set at liberty, as the Sheikh El

Belad contended that that was the custom, and they were now being led to the Zabtiah in custody of watchmen. From the prisoners themselves I learnt that they had been kept in prison for three days without food. They were ultimately forced to carry the cargo on board the said steamer, after which they were set at liberty, but without receiving any remuneration. I further learnt that the cargo of the steamer "Masr," which left before this, had been shipped in the same manner.

(L.S.) MOUSTAPHA AGA AYAD.
Luxor, 5 Chaban, 1296 (July 24, 1879.)

Inclosure 3 in No. 1022.

Mr. Borg to Mr. Lascelles.

Sir,

Cairo, July 29, 1879.

IT has come to my knowledge that the wheat crop in the Kalioubiyeh district has been a poor one, and not sufficient for the payment of taxes, which have been made up by borrowing at rates varying from 3 to 5 per cent. per month. Last year, owing to the drought of the previous season, the condition of the peasantry in that district was bad enough; but this year, because of the wheat crop having turned out poor, and of the dourah sefi (maize) crop not being ready for another month, they are in great distress.

It is due, I suppose, to this distress that a certain sense of insecurity exists in that province because of several burglaries and robberies which have been of late committed. I am induced to trace them to the present condition of the fellaheen, as I understand that, since the accession of the new Ruler, not much pressure has been put upon them; a certain lull, in fact, seems to exist which enables the peasants to feel a sense of momentary relief.

I am informed that about the 3rd July a small farm ("ezbeh") at Kafr Kalioubiyeh was broken into at night, and several articles of clothing and some copper utensils were carried away, and a few nights afterwards a calf was also stolen therefrom.

About the 20th, the ezbeh of one Mohamed Abou Heboeh, at Shaâra, in Selimaniâ, was broken into, and subsequently one Mohammed Sid Ahmed, of the same province, was robbed.

About the same time one Mahomed El Shawarbi was robbed of two camels, which I hear have since been recovered.

About the 24th the ezbeh of one Mahomed El Charkâwi was attacked, but the owner seems to have offered resistance and got a severe beating, of which he died the next day.

On the night of the 26th a farm occupied by one Abdul Rahman Ahmed was broken into, and a gold necklace, a pair of earrings, a pair of silver bracelets, several copper utensils, and other articles were carried away.

Other cases of burglary are also mentioned of which I have not obtained particulars.

The Moudir and his officers have been trying to cope with the growing evil, but their efforts have been somewhat neutralized owing to the difficulty of inducing the victims to come forward and give evidence, because of their sense of dread of the Sheikhs, who tyrannize over the people in many ways. Indeed, I hear from different sources that the oppression received at their hands is such that the fellaheen often abandon their small holds and become labourers to the Zawâts and Europeans in the hope of obtaining protection against their Sheikhs.

I have, &c.
(Signed) RAPH. BORG.

No. 1023.

Lord Lyons to the Marquis of Salisbury — (Received August 9.)

(No. 844.)

My Lord,

Paris, August 8, 1879.

M. WADDINGTON told me this afternoon that he had received a telegram from M. Tricou announcing that the Khedive agreed to the reinstallation of the Controllers, and to the appointment of Major Baring as English Controller.

It appeared, however, his Excellency said, that the Khedive demurred to the nomination of M. de Blignières as French Controller, on the ground that he had been one of the European Ministers. His Highness had, nevertheless, declared that if the French Government insisted upon the appointment of M. de Blignières, he would defer to their wishes.

M. Waddington said, in conclusion, that undoubtedly he should insist upon M. de Blignières' appointment, and that accordingly the question of the re-establishment of the Controllers might be considered as quite settled.

I have, &c.
(Signed) LYONS.

No. 1024.

Lord Lyons to the Marquis of Salisbury. — (Received August 9.)

(No. 845. Confidential.)

My Lord,

Paris, August 8, 1879.

WITH reference to my despatch No. 832 of the 5th instant, I have the honour to report that M. Waddington told me this afternoon that the communication respecting a Commission de Liquidation for Egypt, which had been made by Prince Hohenlohe on behalf of Germany and Austria, had been followed up by a written paper which had been presented to him the day before yesterday by the Austrian Chargé d'Affaires, Count Knefstein.

Some of the expressions in this paper were, M. Waddington said, vague, and might mean a great deal or very little; and he had asked for further explanations before giving any answer to Count Knefstein.

If the Austrian Government had no *arrière-pensée*, and merely wished to ensure proper arrangements being made respecting the Rothschild Loan, to which this paper primarily related, and respecting the application of that loan to the payment of the floating debt, satisfaction might be easily given to them.

If, on the other hand, they were only using this question of the Rothschild Loan as a peg on which to hang pretensions to interfere in the general management of the Egyptian finances, the matter would require very serious consideration.

I have, &c.
(Signed) LYONS.

No. 1025.

Lord Lyons to the Marquis of Salisbury. — (Received August 9.)

(No. 846.)

My Lord,

Paris, August 8, 1879.

M. WADDINGTON showed me this afternoon a paper which had, he said, been put into his hand by Baron Edmond de Rothschild.

It was, if I recollect right, a draft of an agreement between the Khedive, the Powers whose subjects are interested in the floating debt, and the houses of Rothschild, providing that the proceeds of the Domainial Loan shall be paid into the hands of the "Caisse de la Dette," to be applied to the payment of the floating debts.

M. Waddington said that he had learned from Baron de Rothschild that this draft had already been approved by your Lordship. His Excellency desired me to inform your Lordship that he also entirely approved it.

I have, &c.
(Signed) LYONS.

No. 1026.

The Marquis of Salisbury to Mr. Lascelles.

(No. 42.)

(Telegraphic.)

Foreign Office, August 9, 1879, 5.25 P.M.

WITH reference to your telegram No. 100, your proceedings in regard to M. Tricou's attack on Shee are entirely approved.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 9, 6.15 P.M.)

(No. 102.)
(Telegraphic.)

Cairo, August 9, 1879, 3.55 P.M.

I HAVE been three times to Khedive to urge upon him Mr. Fitzgerald's appointment. I dwelt on the services which he had rendered, and pointed out the advisability of securing his services for preparation of the accounts for the Commission of Liquidation. His Highness at first objected that post held by Mr. Fitzgerald had been abolished, and that it had been decided not to grant such large salaries as had been granted formerly. The accounts to facilitate the work of the Commission had already been prepared; and although His Highness would be glad to see Mr. Fitzgerald reappointed to his old post of Deputy Controller-General, he regretted that he was unable to offer him a post in the Ministry of Finance, at all events until the Controllers-General should have arrived.

I expressed great regret at His Highness' decision. Mr. Fitzgerald had come back with your knowledge and approval, and I had been instructed to use my influence unofficially to secure his reappointment. I observed that Commission of Liquidation could scarcely be expected to accept statements now being prepared in the Ministry of Finance unless they had perfect confidence in the person who superintended their preparation. Her Majesty's Government were animated by the best dispositions towards His Highness, and I was afraid that His Highness' refusal to employ Mr. Fitzgerald would be looked upon as a proof of His Highness' disinclination to meet their wishes. With regard to question of salary, Mr. Fitzgerald was ready to enter upon his duties at once, leaving the amount to be settled later by the Controllers-General and the Minister of Finance.

The Khedive answered that he was placed in a most difficult position; he had every desire to meet the wishes of Her Majesty's Government, to whom he felt most grateful for the action they had taken towards him; but if he appointed Mr. Fitzgerald, other Powers would also ask for posts, and country would again be charged with payment of high salaries to European officials.

I used every argument in my power to induce His Highness to change his decision, but all that I could obtain from him was that if, on the arrival of the Controllers-General, any further appointments should be found necessary in the Ministry of Finance, he would be glad to offer a post to Mr. Fitzgerald; for the present, however, he regretted that he was unable to do so.

I believe Khedive himself would be glad to make the appointment, but influences which surround him are too strong for him to resist.

It is said that M. Tricou is using his influence to prevent Mr. Fitzgerald's appointment, and, although I have no proof of this, I confess it does not appear unlikely.

No. 1028.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 9, 7 P.M.)

(No. 103.)
(Telegraphic.)

Cairo, August 9, 1879, 4.30 P.M.

WITH reference to my telegram No. 100 of yesterday, M. Tricou has requested Chérif Pasha to consider his note, demanding the dismissal of Mr. Archer Shee, as *non-avenue*.

Numerous complaints have been made of the manner in which the Customs Administration is conducted, and, as I believe in the existence of a serious intrigue for the purpose of getting rid of Mr. Shee, I have requested the Khedive to have a serious inquiry made into the whole question of the Customs Administration; and I have suggested that a Commission should be formed, composed of European heads of Administration in His Highness' service, and, as the question refers to two Englishmen, the English gentlemen in His Highness' service should be placed on Commission. In any case, the relations between Mr. Shee and Mr. Scrivenor have now reached such a point that it is impossible for these two gentlemen to remain in the same Administration with any prospect of a satisfactory result, and it appears to me that an inquiry into the whole question can no longer be delayed.

The Marquis of Salisbury to Mr. Lascelles.

(No. 216.)
Sir,

Foreign Office, August 9, 1879.

I HAVE received your telegram No. 100 of the 8th instant, reporting that Chérif Pasha had received a note from M. Tricou demanding the dismissal of the Inspector-General of Customs, Mr. Archer Shee, on the ground that the latter had prevented the execution of an order given by Mr. Scrivenor for the dismissal, upon M. Tricou's demand, of an employé in the Customs on account of an insult offered to the French Consul at Port Said.

I have to state to you that I entirely approve of your action in this matter, in warning the Khedive that the dismissal of Mr. Archer Shee, without his being afforded an opportunity of defending his proceedings, will be very unfavourably regarded in this country.

I am, &c.
(Signed) SALISBURY.

No. 1030.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 10.)

(No. 601.)
(Telegraphic.)

Therapia, August 9, 1879.

I SAW Sultan to-day on the subject of Khedive's return to Egypt. His Majesty is resolute in his refusal to allow him to reside in any part of his dominions. He told me he had held a family council on the question, and that the decision had been come to then. His Majesty maintained that there could not be any objection to Ismail Pasha's residing in some out of the way part of Egypt where he could be watched. I told him I could not discuss the matter, that England and France were determined that ex-Khedive should not return to Egypt, and that he would run a very serious risk if he opposed their wishes. His Majesty agreed to a suggestion, after a lengthened discussion, to order Safvet to address a written communication to French Ambassador and me, stating that the Sultan would not authorize Ismail Pasha's return to Egypt or residence in part of His Majesty's dominions. Before I left the Palace I saw written instructions to this effect given to the Prime Minister.

No. 1031.

The Marquis of Salisbury to Mr. Lascelles.

(No. 43.)
(Telegraphic.)

Foreign Office, August 10, 1879, 11.30 P.M.

AS Mr. Fitzgerald is merely seeking restoration to a post he held three months ago the arguments used to you do not seem to apply. In conversation with Chérif let him see that you are much displeased, and tell him it has produced a bad impression here.

No. 1032.

The Marquis of Salisbury to Mr. Lascelles.

(No. 218.)
Sir,

Foreign Office, August 10, 1879.

I HAVE received your telegram No. 102 of the 9th instant, reporting that you had urged Mr. Fitzgerald's reappointment upon the Khedive, and that His Highness had objected to the appointment being made, on the ground that the post held by Mr. Fitzgerald had been abolished, and that it had been decided not to grant such large salaries as had been granted formerly; also, that should he appoint Mr. Fitzgerald, other Powers would likewise ask for posts, and the country would again be charged with the payment of high salaries to European officials, but that if, on the arrival of the Controller-General, any further appointments should be found

necessary in the Ministry of Finance, His Highness would be glad to offer a post to Mr. Fitzgerald.

I have informed you by telegram that the arguments used to you do not seem to apply, as Mr. Fitzgerald is merely seeking to be restored to a post held by him three months ago. In pointing this out to Chérif Pasha, you will do well to let him understand that you are much displeased, and you may tell him that the refusal has produced a bad impression here.

I am, &c.
(Signed) SALISBURY.

No. 1033.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 11.)

(No. 481.)

My Lord,

Vienna, August 3, 1879.

ALTHOUGH not specially instructed to do so, I have communicated to the Austro-Hungarian Government the information conveyed in your Lordship's telegram of the 1st, respecting the Firman to the Khedive of Egypt to which Her Majesty's Government are ready to consent.

I thought it advisable to mention, at the same time, that Sir H. Layard had recommended the Firman being communicated before promulgation to the Signatory Powers of the Treaty of Berlin.

The communication was received with much satisfaction by Baron Calice, who appeared to approve it in all respects, the only remark that he made, which was rather of the nature of an inquiry, having reference to the restriction of the Khedive's right to contract new loans.

I said that, although it was not so stated in your Lordship's telegram, I believed that there would be found to be an exception in favour of a loan that might be considered necessary for the arrangement of existing financial embarrassments, but that even if this were not the case the Powers would always be free to move the Porte to grant the authorization for the contraction of a loan if they thought it advisable.

I have, &c.
(Signed) HENRY ELLIOT.

No. 1034.

Lord Lyons to the Marquis of Salisbury.—(Received August 11.)

(No. 847.)

My Lord,

Paris, August 9, 1879.

YESTERDAY, in obedience to the instruction contained in your Lordship's despatch No. 1029 of the day before, I expressed to M. Waddington your Lordship's satisfaction at the voluntary proof of goodwill which his Excellency had given in asking me to inform you that he was quite willing that the Presidency of the new Commission of Liquidation in Egypt should be assigned to an Englishman.

M. Waddington desired me to offer his acknowledgments to your Lordship, and at the same time to say to you that of course he took it for granted that the Secretary of the Commission de Liquidation would be a Frenchman.

I have, &c.
(Signed) LYONS.

No. 1035.

Lord Lyons to the Marquis of Salisbury.—(Received August 11.)

(No. 848. Confidential.)

My Lord,

Paris, August 9, 1879.

IN my despatch No. 810 of the 30th ultimo I had the honour to report to your Lordship that M. Waddington had stated to me his intention to communicate to me in writing his opinion respecting the observations of your Lordship on the "Contrôle"

and "Commission de Liquidation" contained in a Memorandum which I had given to him. The Memorandum was, as your Lordship will recollect, couched in the exact terms of your despatch No. 987 of the 28th ultimo.

M. Waddington's opinions respecting the Contrôle were accordingly communicated to me in the paper of which I transmitted a copy to your Lordship in my despatch No. 816 of the 1st instant.

I reported to your Lordship, in my despatch No. 832 of the 5th instant, that M. Waddington had told me on that day that the paper respecting the Commission de Liquidation was ready, but that he kept it back for the moment, in consequence of a communication on the subject which had been made to him by the German Ambassador, on behalf of his own Government and of that of Austria.

Last evening, however, M. Waddington sent me his paper on the Commission de Liquidation, and I do myself the honour to transmit a copy of it to your Lordship herewith.

Your Lordship will perceive that, in opposition to your Lordship's opinion, M. Waddington still maintains that the Consolidated Debt, in which term he comprises the Unified Debt and the privileged debts, should not be dealt with by the Commission de Liquidation.

I have, &c.
(Signed) LYONS.

Inclosure in No. 1035.

Memorandum.

(Confidentielle.)

LE Gouvernement de Sa Majesté Britannique attache un grand prix à ce que le rétablissement du contrôle Franco-Anglais en Egypte soit complété par l'institution d'une Commission Internationale, chargé de procéder à la liquidation de la dette de l'Egypte. Le Gouvernement de la République Française est dans les mêmes idées, mais il pense qu'il y a des distinctions essentielles à faire entre les dettes qui constituent le passif actuel du Vice-Roi, et qu'elles ne sauraient être soumises à une seule et même procédure de liquidation.

La Dette Consolidée comprenant la Dette Unifiée et les dettes privilégiées, est arrêtee depuis longtemps dans son chiffre, et ses détenteurs sont presque exclusivement Français et Anglais. Une Commission d'Enquête, qui avait jusqu'à un certain point le caractère international, a déjà proposé à la suite de longues et minutieuses investigations, les mesures à prendre pour en régler le service, et le Ministère Européen, dans les derniers jours qui ont précédé sa révocation, les avait consignées dans un Projet de Loi, qui n'a pu recevoir la sanction du Khédive. Le Gouvernement Français croit sincèrement qu'il y a intérêt, pour la France et l'Angleterre, à accepter les conclusions de ce travail, et qu'en revanche il y aurait les plus sérieuses inconvénients à remettre la question aux mains d'une Commission Internationale.

Il appelle de nouveau sur ce sujet l'attention de Lord Salisbury dans l'esprit des considérations que le Principal Secrétaire d'Etat pour les Affaires Etrangères a fait valoir, afin que le rétablissement du Contrôle fut présenté comme un retour pur et simple au régime des Décrets de 1876. La Dette Consolidée de l'Egypte a toujours été un domaine réservé à l'action intime, sinon exclusive, de la France et de l'Angleterre; et le Contrôle lui-même, tel que le comprennent les deux Cabinets, n'a pas d'autre but que de marquer la prépondérance de leur action collective. Or, l'intervention sans ménagements d'une Commission Internationale, pour statuer sur des difficultés dans lesquelles les autres Puissances sont à peine intéressées, irait contre le but qu'on se propose d'atteindre, et aurait pour résultat de susciter des luttes d'influences politiques dans le règlement d'une affaire qui n'en comporte pas.

Il est vrai que le Gouvernement Egyptien, en vertu de l'Article 11 du Règlement d'Organisation Judiciaire, ne saurait réduire ses engagements vis-à-vis de ses créanciers sans l'approbation des Puissances qui ont coopéré à l'établissement des Tribunaux Mixtes. Mais, pour remplir cette obligation, il appartiendrait à la France et à l'Angleterre de faire revivre le Projet de Règlement relatif à la Dette Consolidée, préparé par la Commission d'Enquête, et de demander au Khédive de le soumettre directement aux Puissances avec les modifications que les deux Cabinets pourraient y suggérer.

Le véritable terrain d'opération de la future Commission Internationale c'est la détermination du chiffre de la dette flottante de l'Egypte, et des ressources qu'il con-

viendrait d'y appliquer. Et comme les créanciers de cet ordre appartiennent à toutes les nationalités, il n'y aurait que des avantages à composer la Commission, dont il s'agit, de délégués Français, Anglais, Allemand, Autrichien, et Italien.

Mais le Gouvernement de la République ne serait pas d'avis de laisser à une telle Commission le soin de s'immiscer dans le règlement de la Dette Consolidée, ni d'apprécier souverainement la part qui doit revenir aux créanciers de la dette flottante, dans les revenus généraux de l'Égypte déjà précédemment affectés. Pour le moment il s'agit de fixer le chiffre auquel s'élève cette dernière dette, d'attribuer à son dégrèvement la somme provenant de l'Emprunt Rothschild, et d'indiquer les crédits nécessaires pour assurer la marche des services publics. Quand ce triple travail sera achevé, l'Administration Égyptienne ayant repris son cours normal sous la surveillance du Contrôle Franco-Anglais, il sera possible de supporter avec quelque précision le passif du Gouvernement du Khédive, et d'arrêter en connaissance de cause les conditions d'équilibre des recettes et des dépenses.

No. 1036.

Lord Lyons to the Marquis of Salisbury.—(Received August 11.)

(No. 849. Secret.)

My Lord,

Paris, August 9, 1879.

IN my Secret despatches No. 745 of the 12th ultimo, No. 757 of the 16th ultimo, and No. 817 of the 1st August, I ventured to represent to your Lordship that, notwithstanding the excellent understanding and entire accord between the French and English Governments on the Egyptian question, there was reason to apprehend that plans were formed, and exertions made, by subordinate French officials with a view to diminishing the influence of England in Egypt, and to establishing French predominance in that country.

There can be no doubt that M. Tricou, the French Agent and Consul-General in Egypt, is strenuously working for this object, according to his lights. But he adheres to the old plan. He seems to be content with keeping in office weak and incompetent Ministers, whom he can either frighten or cajole, with getting places and profits for his countrymen, to the detriment of the subjects of other countries, and of Englishmen especially, and with exhibiting himself as the important and influential Consul.

Such successes, however, as M. Tricou may obtain in this way are likely to be transitory, and if other nations engage in this paltry kind of rivalry, the predominant influence may pass from hand to hand according to circumstances.

A more enduring, and therefore more dangerous, influence may be obtained for France in another way. It is not to be doubted that French officials in Egypt will seek to introduce into that country the French complicated and theoretical system of finance, and the French financial phraseology. Even Frenchmen can hardly suppose that such a system is well suited to a country like Egypt, but it has, in their eyes, one great merit—that it will be hardly possible to work it there by other than French hands.

It may be necessary for the Englishmen employed in Egypt, and especially for those who have any part in directing or inspecting the finances of that country, to be very watchful on this point, and to resist any French encroachments of the kind at the outset.

I am told that M. de Blignières, from his intimate acquaintance with what the French call "comptabilité," is well adapted to the task of imposing the French system upon Egypt.

It is certain that, while M. Waddington is Minister for Foreign Affairs, schemes for supplanting England unfairly in Egypt will be neither suggested nor approved by the head of that Department.

I wish I could consider it equally certain that the French Agents abroad will be effectually controlled and checked.

I have, &c.
(Signed) LYONS.

No. 1037.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 12.)

(No. 693.)

My Lord,

Therapia, August 3, 1879.

THE official translation of the Firman for Tewfik Pasha, as agreed to by M. Fournier and myself, was delivered to us yesterday evening, together with a declaration explaining the paragraph relating to the alienation of the privileges granted to him by the Porte. I have the honour to inclose copies of both documents. The originals, together with the Turkish text, will be kept in the archives of the Embassy, unless your Lordship should wish them to be sent to the Foreign Office.

This question has thus, I trust, been brought to a conclusion satisfactorily to Her Majesty's Government. This result has not been arrived at without some trouble and delay, owing, I am inclined to think, rather to misunderstandings on both sides, than to any deliberate intention on the part of the Porte to deceive or mislead M. Fournier and myself, with a view to restrict the rights and privileges accorded to Ismail Pasha, and thereby re-establish in Egypt the authority of the Sultan to an extent which neither England nor France would be willing to permit. I am bound to say, however, that my French colleague is under a different impression. It is just to the Porte to bear in mind that when the English and French Consuls-General advised Ismail Pasha to abdicate, they threatened him, in the event of his refusal to do so, with the revocation of the Firman of 1873, and gave him clearly to understand that they would not undertake to secure the succession to his son. The Porte was consequently led to believe that both England and France, not only recognized the right of the Sultan to revoke that Firman, but that they were prepared to encourage him to do so, should Ismail Pasha decline, as he ultimately did, to follow their counsels. The Porte, therefore, may, as it states, have believed that it was acting in conformity with the wishes of the two Powers in returning to the previous order of succession. This argument was strongly insisted upon by Carathéodory Pasha in his negotiations with the French Ambassador and myself. M. Fournier, on the other hand, maintained that the Porte could have no official knowledge of the communications which had passed between Ismail Pasha and the French and English Consuls-General, and could not, therefore, use any document presented by them to the Khedive, on this occasion, in justification of the revocation of the Firman of 1873. It was, however, quite clear, as I pointed out, that if the Porte intended to return to the order of succession originally existing in the family of Mehemet Ali Pasha, Halim Pasha was the legitimate heir to the Khedive, and the Sultan, by naming Tewfik, had violated the law. There was no way of getting out of this dilemma, and the Porte gave way.

With regard to the restriction or withdrawal of the privileges and rights enjoyed by Ismail Pasha, Hâiredin Pasha maintained that his intention was not to limit the authority of the Khedive, or to extend that of the Sultan in a manner which might be detrimental to the interests of Egypt, or in opposition to the wishes and policy of England and France, but with a view to prevent his successor from entering into Conventions, and from contracting pecuniary engagements, which, in the case of Ismail Pasha, had proved so injurious to the country, and had been the principal cause of its trouble. I believe Hâiredin Pasha to have been sincere, and although Carathéodory Pasha may, in his negotiations with us, have endeavoured, as might have been expected from a diplomatist of his character, to gain rather more than we were willing to yield, and to make use of expressions which may have admitted of more than one meaning, the Porte ended by accepting all our suggestions and wording the Firman according to our wishes.

In my despatch No. 676 of the 28th ultimo, I informed your Lordship of the state of the negotiations up to that date. On the 29th ultimo, Carathéodory Pasha having in the meanwhile ceased to be Minister for Foreign Affairs, Sawas Pasha, who is in charge of that Department, addressed an identic note to M. Fournier and myself, a copy of which is inclosed. It acknowledges the receipt of our communication of the previous day relating to the construction to be placed on the clause of the Firman that "les Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive." His Excellency, as your Lordship will observe, declares in the name of the Sublime Porte that this clause does not require that the Khedive should obtain the authorization of the Sultan before the promulgation, or the putting into execution, of the Conventions referred to.

On Wednesday, M. Fournier met me at the Prime Minister's, for the purpose of coming to a final arrangement as regards the Firman.

In collating the Turkish text with the French translation sent to us by the Porte, Sir A. Sandison and M. Longeville (the First Interpreter of the French Embassy) had found that there were one or two words of no great importance which might still admit of a doubtful interpretation, and which it would be desirable to omit or change, Aarifi Pasha at once agreed that the change which we required should be made.

M. Waddington, in a telegram received that morning by M. Fournier, objected that the clause prohibiting the Khedive from alienating the privileges accorded to Egypt, and "which were confided to him as an emanation of the prerogatives inherent to the Sovereign Power," was not sufficiently clear, and might admit of an interpretation to which he could not agree, my colleague consequently required that this clause should be either omitted altogether or changed to meet M. Waddington's objections.

Aarifi Pasha admitted that he did not himself understand the exact meaning of the clause, but maintained that it would be impossible to change or omit it without referring again to the Council of Ministers and obtaining the sanction of the Sultan, which would necessarily entail loss of time. I suggested that an explanatory declaration, similar to that as to the clause respecting the communication to the Porte of the Conventions entered into by the Khedive, would meet the difficulty, if it were found impossible to withdraw the clause altogether. I sketched out a declaration to the effect that the Firman in no way restricts the rights, privileges, or prerogatives previously accorded to the Khedives of Egypt. M. Fournier inserted the words "and personally" after "previously." Aarifi Pasha accepted my suggestion, promising to communicate it to the Council, and to send us an official answer on the following day.

Your Lordship will perceive that the form of declaration I proposed goes even further than explaining the clause in question, and is of no small importance as an assurance to England and France that the new Firman in no way restricts any of the privileges conceded to Ismail Pasha, except in the special instances provided for.

We did not, however, receive this answer as soon as his Highness had promised. We had learnt, in the meanwhile, that the Porte had communicated the Firman to the Representatives of Germany, Austria, Russia, and Italy. M. Fournier and I were under the impression that Carathéodory Pasha had given us a distinct assurance that this communication would not be made until the text of the Firman had been finally approved by us, and we had been furnished officially with a French translation of it by the Porte. My colleague believed that we had been wilfully misled and deceived. He drafted, under a feeling of much irritation, an identic note, which he proposed that we should address to Aarifi Pasha, declaring that we suspended all further negotiations on this question with the Porte until we had referred the matter to our Governments and could receive their instructions, and holding the Porte responsible for the consequences. Although the terms of the proposed note were, in my opinion, somewhat strong and unusual, I agreed to accept it on condition that, instead of informing the Porte that we suspended our negotiations, we should hold out the threat of doing so unless the Firman, amended as we had proposed, and the declaration we had suggested, were accepted. M. Fournier having agreed to this modification, the identic note, of which I inclose a copy, was sent to the Prime Minister on Friday morning.

In the afternoon Sawas Pasha came to Therapia to implore us to withdraw our note. His Excellency said that Aarifi Pasha was so much hurt by the insinuations it contained against his personal honour, and by the harshness of its terms, that unless it were withdrawn, he would have no other course to pursue but to resign, and to go himself to Paris and London to justify himself. His Highness had every intention to fulfil all his promises. The alterations we had proposed had been agreed to; he was ready to make the declaration that we required; he solemnly assured us that Carathéodory Pasha had not informed the Ministers that he had, in any way, pledged himself not to communicate the Firman to the other Representatives until its final approval by M. Fournier and myself. He was under the impression that, subject to some verbal alterations which had no importance or significance whatever, we had accepted the Firman; and as we had urged him to send it without delay to the other Powers, he had done so after seeing us on Wednesday. After a very warm discussion between Sawas Pasha and M. Fournier, in which I acted as mediator, my colleague consented to the withdrawal of our identic note, on condition that we should first have the official French translation of the amended Firman, and the explanatory declaration which the Prime Minister had promised to give us in our hands. I felt persuaded

that Aarifi Pasha had acted straightforwardly in the matter, as the alteration in the Firman, which was of no real importance whatever, had been agreed to by his Highness, and nothing had been said to bind him to withhold the communication of the Firman to the other Powers until the explanatory declaration had been given to us.

Sawas Pasha having agreed to what we proposed, Sir A. Sandison and M. Longeville attended yesterday at the Porte to receive the official French translation of the Firman, to collate it with the Turkish text, and to receive, at the same time, the explanatory declaration. In acknowledging the receipt of the latter in an identic note, of which a copy is inclosed, we have taken care to state that we take note of it, as coming from the Sublime Porte. Our previous identic note has been now withdrawn, and must be considered as *non-avenue*.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure 1 in No. 1037.

Firman.

A MON Vizir éclairé Tewfik Pacha, appelé au Khédiviat d'Egypte avec le haut rang de Tédaret effectif, décoré de mes Ordres Impériaux de l'Osmanie et du Medjidié en brillants, que le Tout-Puissant perpétue sa splendeur, &c., &c.

Ismail Pacha, Khédivé d'Egypte, ayant été relevé de ses fonctions ce 6 Redjeb 1296, eu égard à tes services, à ta droiture, et à ta loyauté tant à ma personne qu'aux intérêts de mon Empire, à ton expérience des affaires d'Egypte, à ta capacité pour réformer la mauvaise situation dont ce pays souffre depuis quelque temps, et conformément à la règle établie par le Firman du 12 Mouharrem, 1283, pour la transmission du Khédiviat par ordre de primogéniture, de fils aîné en fils aîné, nous avons conféré à toi, en ta qualité de fils aîné d'Ismail Pacha, le Khédiviat d'Egypte, tel qu'il se trouve formé par ses anciennes limites et en y comprenant les territoires qui y ont été annexés.

L'accroissement de la prospérité de l'Egypte et la consolidation de la sécurité et de la tranquillité de ses habitants, constituant l'objet de notre plus haute sollicitude, nous avons rendu, il y a quelque temps, dans ce but, un Firman Impérial qui confirmait aussi les privilèges anciens de cette contrée. Cependant quelques-unes des dispositions du susdit Firman ayant donné lieu aux difficultés actuelles, en vue de confirmer ceux de ces privilèges qui doivent être maintenus intacts, et de corriger et améliorer ceux de ces privilèges qui ont paru nécessiter quelques modifications, nous avons fait insérer, ci-après, les dispositions suivantes :

Tous les impôts de cette province seront perçus en mon nom. Les habitants d'Egypte étant de mes sujets, et ne devant comme tels subir la moindre oppression ni acte arbitraire, à cette condition le Khédiviat d'Egypte, auquel est confiée l'administration civile, financière, et judiciaire du pays, aura la faculté d'élaborer et d'établir, d'une manière conforme à la justice, tous règlements et lois intérieurs nécessaires à cet égard.

Le Khédivé sera autorisé à contracter et à renouveler, sans porter atteinte aux Traités politiques de mon Gouvernement Impérial, ni à ses droits souverains sur ce pays, les Conventions avec les Agents des Puissances Etrangères pour les douanes et le commerce et pour toutes les transactions avec les étrangers concernant les affaires intérieures, et cela dans le but de développer le commerce, l'industrie, et l'agriculture, et de régler la police des étrangers et tous leurs rapports avec le Gouvernement et la population. Ces Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédivé.

Le Khédivé aura la disposition complète et entière des affaires financières du pays. Mais il n'aura pas le droit de contracter des emprunts, sauf pour ce qui concerne exclusivement le règlement de la situation financière présente, et en parfait accord avec ses présents créanciers ou les délégués chargés officiellement de leurs intérêts.

Le Khédiviat ne saura, sous aucun prétexte ni motif, abandonner à d'autres, en tout ou en partie, les privilèges accordés à l'Egypte et qui lui sont confiés, et qui sont une émanation des prérogatives inhérentes au pouvoir souverain, ni aucune partie du territoire.

L'Administration Egyptienne aura soin de payer régulièrement le tribut annuel fixé à £ T. 750,000.

[1260]

7 U

La monnaie sera frappée en Egypte en mon nom.

En temps de paix 18,000 hommes de troupes suffisent pour la garde intérieure de l'Egypte. Ce chiffre ne doit pas être dépassé. Cependant, comme les forces Egyptiennes de terre et de mer sont destinées aussi au service de mon Gouvernement, dans le cas où la Sublime Porte se trouverait engagée dans une guerre, leur chiffre pourra être augmenté dans la proportion jugée convenable.

Les drapeaux des forces de terre et de mer et les insignes des différents grades des officiers seront les mêmes que ceux de mes armées.

Le Khédiviat aura le droit de conférer aux officiers de terre et de mer jusqu'au grade de Colonel inclusivement et aux employés civils jusqu'au grade de Sanic inclusivement.

Le Khédivé ne pourra, comme par le passé, construire des bâtiments blindés sans l'autorisation expresse de mon Gouvernement.

Je veillerai au strict maintien des conditions qui précèdent, et qui ayant été sanctionnées par mon Tradi Impérial, ont été consignées dans mon présent, orné de mon autographe Impérial, et qui te sera remis par

Inclosure 2 in No. 1037.

Sawas Pasha to Sir A. H. Layard.

M. l'Ambassadeur,

Sublime Porte, le 2 Août, 1879.

DANS la conversation que votre Excellence et son collègue de France ont eu Mercredi matin avec son Altesse le Premier Ministre, il a été convenu, sur votre proposition, que, pour éviter toute obscurité sur le sens du paragraphe: "Le Khédivé ne saura sous aucun motif ni prétexte abandonner à d'autres, en tout ou en partie, les privilèges accordés à l'Egypte, et qui lui sont confiés comme une émanation des prérogatives inhérentes au pouvoir souverain, ni aucune partie du territoire" déclaration serait faite "que le présent Firman ne restreint en rien, sauf ce qui y est expressément relaté, les droits, privilèges, et prérogatives précédemment et personnellement accordés aux Khédivés d'Egypte."

D'ordre de son Altesse j'ai l'honneur de vous faire cette déclaration, en vous priant d'en prendre acte.

Veillez, &c.
(Signé) SAWAS.

Inclosure 3 in No. 1037.

Sawas Pasha to Sir A. H. Layard.

M. l'Ambassadeur,

Sublime Porte, le 29 Juillet, 1879.

J'AI eu l'honneur de recevoir la note collective en date du 28 Juillet, signée par votre Excellence et par son collègue de France, relative à la clause suivante contenue dans le Firman Impérial destiné à Son Altesse Tewfik Pacha:—

"Ces Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédivé."

En réponse, je m'empresse de déclarer à votre Excellence, au nom de la Sublime Porte, que cette clause exclut toute obligation de la part du Khédivé d'obtenir la sanction ou l'autorisation du Sultan pour promulguer ou mettre en pratique les dites Conventions; toutefois, la Sublime Porte se réservant le droit de refuser de reconnaître ou de sanctionner les dites Conventions, et devant toujours être à temps pour le faire si elles portaient atteinte aux Traités politiques de la Sublime Porte ou à ses droits souverains sur ces pays, comme il est dit dans le texte même du Firman.

Veillez, &c.
(Signé) SAWAS.

Inclosure 4 in No. 1037.

Sir A. H. Layard and M. Fournier to Aarifi Pasha.

Altesse,

Thérapia, le 1^{er} Août, 1879.

LORSQUE vous avez pris le pouvoir, Lundi dernier, nous avons vu, le matin, Carathéodory Pacha, et lui avons fait quelques observations à propos du texte du Firman, qu'il nous avait soumis la veille.

Nous nous sommes retirés après être convenus de certaines modifications auxquelles réponse n'a pas été donnée, puisque Carathéodory Pacha, quelques heures après, avait cessé d'être Ministre des Affaires Etrangères.

Quoiqu'en puisse dire ou que l'on fasse dire à Carathéodory Pacha, les discussions n'étaient pas closes, et le texte du Firman, destiné à Tewfik Pacha, n'était pas arrêté.

Nous avons eu l'honneur de conférer avec votre Altesse Mercredi matin.

A propos d'observations reçues au dernier moment de son Excellence M. Waddington, par le télégraphe, nous vous avons demandé des éclaircissements sur le paragraphe ainsi conçu:

"Le Khédiviat ne saura, sous aucun motif ni prétexte, abandonner à d'autres, en tout ou en partie, les privilèges accordés à l'Egypte, et qui lui sont confiés comme une émanation des prérogatives inhérentes au pouvoir souverain, ni aucune partie du territoire."

Il a été convenu avec votre Altesse, ou que toute cette phrase serait supprimée et remplacée par ces seuls mots:—

"Le Khédivé ne pourra céder aucune partie du territoire,"

Ou que la déclaration, ainsi libellée, nous serait transmise au nom de la Sublime Porte:—

"A l'occasion de ce paragraphe, la Sublime Porte déclare que le présent Firman ne restreint en rien, sauf ce qui y est expressément relaté, les droits, privilèges, et prérogatives, précédemment et personnellement concédés aux Khédivés d'Egypte."

Votre Altesse nous promet de soumettre nos demandes au Conseil et de nous donner une réponse hier; ce qu'elle n'a pas fait. Donc, à nos yeux, le texte du Firman n'est pas définitif.

Il avait été convenu encore que le dit Firman ne serait communiqué à nos autres collègues que quand il aurait eu définitivement notre approbation.

Cependant, dans la nuit de Mercredi à Jeudi, ordre était transmis de communiquer le Firman aux Ambassadeurs d'Allemagne, d'Autriche, d'Italie, et de Russie; et Ali Fuad Bey, Premier Secrétaire de Sa Majesté Impériale, était déjà désigné pour porter le Firman à Alexandrie.

Ce Firman, dont nous devons avoir la traduction officielle et définitive, à nous promise par votre Altesse, n'est pas même encore entre nos mains.

Nous vous rappelons, d'ordre de nos Gouvernements, et nous déclarons de nouveau à la Sublime Porte, que notre approbation au texte du nouveau Firman est indispensable, et qu'en le promulguant ou en le mettant à exécution avant cette approbation préalable, la Sublime Porte serait tenue responsable des conséquences de sa conduite en désaccord avec ses engagements formels.

Nous avons l'honneur de vous informer qu'à moins que le Firman n'ait été amendé de la façon requise par nous, à notre entrevue avec votre Altesse, Mercredi dernier, et que la déclaration que nous avons proposée alors n'ait été acceptée, nous considérons comme notre devoir de protester contre sa publication, et de suspendre les négociations avec la Sublime Porte jusqu'à ce que nous ayons de nouvelles instructions de nos Gouvernements respectifs, auxquels nous rapporterons ce qui s'est passé.

Nous saisissons cette occasion pour renouveler à votre Altesse les assurances de notre très-haute considération.

Inclosure 5 in No. 1037.

Sir A. H. Layard and M. Fournier to Sawas Pasha.

Thérapia, le 3 Août, 1879.

LES Soussignés, Ambassadeurs d'Angleterre et de France, ont reçu la déclaration que son Excellence Sawas Pacha leur a adressé à la date du 2 Août, et ainsi conçue:—

"Dans la conversation que votre Excellence et son collègue de la Grande Bretagne ont eu Mercredi matin avec son Altesse le Premier Ministre, il a été convenu,

sur vos propositions, que pour éviter toute obscurité sur le sens du paragraphe: 'Le Khédive ne saura sous aucun motif ni prétexte abandonner à d'autres en tout ou en partie les privilèges accordés à l'Égypte et qui lui sont confiés comme une émanation des prérogatives inhérentes au pouvoir souverain ni aucune partie du territoire:' déclaration serait faite que:

"Le présent Firman ne restreint en rien, sauf ce qui est expressément relaté, les droits, privilèges et prérogatives précédemment et personnellement accordés au Khédive d'Égypte."

Ils ont l'honneur de prendre acte au nom de leurs deux Gouvernements de cette déclaration de la Sublime Porte, et saisissent cette occasion, &c.

(Signé) A. H. LAYARD.
H. FOURNIER.

No. 1038.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 12, 6 P.M.)

(No. 104.)
(Telegraphic.)

Cairo, August 12, 1879.

THE Khedive is anxious to be informed of the opinion of Her Majesty's Government as to advisability of his going to Constantinople to receive the Sultan's investiture.

His Highness wishes to fulfil his duty scrupulously towards his Sovereign, but there are palpable objections to his going to Constantinople at present.

His Highness, considering that the issuing of the Firman is due to the action of the Powers at Constantinople, desires to be guided by their advice in this matter.

No. 1039.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 12, 6 P.M.)

(No. 105.)
(Telegraphic.)

Cairo, August 12, 1879, 4 P.M.

I SPOKE to Chérif Pasha yesterday in the [? sense] of your telegram No. 45. This morning I repeated to the Khedive the arguments I had used in favour of reappointment of Mr. Fitzgerald, but I could not get a satisfactory answer from His Highness, who, however, said that he would reflect again upon what I had said.

No. 1040.

The Marquis of Salisbury to Mr. Adams.

(No. 1055.)
Sir,

Foreign Office, August 12, 1879.

I TRANSMIT to you herewith copies of a despatch and its inclosures from Her Majesty's Ambassador at Constantinople, reporting interviews which his Excellency and the French Ambassador in that city had with Carathéodory Pasha on the subject of the new Firman for Tewfik Pasha.*

You will perceive, from the postscript to Sir H. Layard's despatch, that his Excellency and M. Fournier are of opinion that it would be desirable to communicate to the Khedive their joint declaratory note respecting the explanation given by Carathéodory Pasha of the meaning of the words "seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive," which are employed in the Firman; and I have to request you to inform the Minister for Foreign Affairs that Her Majesty's Government propose to make a communication to the Khedive in the sense suggested if the French Government have no objection to such a course.

I am, &c.
(Signed) SALISBURY.

No. 1041.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 13.)

(No. 106.)
(Telegraphic.)

Cairo, August 12, 1879, 5.45 P.M.

WITH reference to my telegram No. 103, Khedive has informed me that he has ordered a Commission to be appointed to examine into the Custom-house administration.

The Commission will be composed of the [] of the Railway Administration, as President, Mr. Colvin, Morice Pasha, Voisin Bey, and M. Vacher, Procureur-Général.

As far as I have been able to ascertain no objection can be raised to any of these gentlemen.

Would it not be as well to suggest that M. Cremer, one of the Commissioners of the Public Debt, who returns to Egypt to-morrow, should also be placed on the Commission?

Considering that the two Heads of Customs are both English, would your Lordship wish me to ask that the majority of the Commission should be English?

No. 1042.

The Marquis of Salisbury to Mr. Lascelles.

(No. 46.)
(Telegraphic.)

Foreign Office, August 13, 1879, 1.25 P.M.

YOURS No. 104.

Better wait for a quieter moment.

No. 1043.

The Marquis of Salisbury to Mr. Lascelles.

(No. 47.)
(Telegraphic.)

Foreign Office, August 13, 1879, 5.35 P.M.

YOURS No. 106.

I think it would be better Cremer should be on. In that case a casting vote should be given to General Marriott, who, as I understand you, is Chairman.

No. 1044.

The Marquis of Salisbury to Mr. Lascelles.

(No. 48.)
(Telegraphic.)

Foreign Office, August 13, 1879, 6.5 P.M.

DO you know anything of a concession conveying a right to make railways, &c., at Mont Geneffe, on the Suez Canal, opposite the Bitter Lakes, which is said to be now for sale?

No. 1045.

The Marquis of Salisbury to Mr. Lascelles.

(No. 220.)
Sir,

Foreign Office, August 13, 1879.

I HAVE received your telegram No. 101 of the 12th instant, reporting the wish of the Khedive to be informed of the opinion of Her Majesty's Government respecting
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the advisability of his going at present to Constantinople to receive investiture from the Sultan.

I have informed you this day by telegraph that, in my opinion, His Highness had better await a more tranquil moment for fulfilling this duty towards his Suzerain.

I am, &c.
(Signed) SALISBURY.

No. 1046.

The Marquis of Salisbury to Mr. Lascelles.

(No. 224.)

Sir, *Foreign Office, August 13, 1879.*
IN my telegram to you of to-day's date, I inquired whether you had any knowledge of a concession which conveys a right to construct railways, &c., at Mount Geneffe, opposite the Bitter Lakes, on the Suez Canal, which I understand is now for sale.

I am, &c.
(Signed) SALISBURY.

No. 1047.

The Marquis of Salisbury to Mr. Adams.

(No. 1056.)

Sir, *Foreign Office, August 13, 1879.*
IN his despatch No. 847 of the 9th instant, Lord Lyons mentioned a wish expressed by M. Waddington that there should be a French Secretary to the proposed Commission of Liquidation in Egypt, of which, as reported in Lord Lyons' despatch No. 795 of the 25th ultimo, M. Waddington suggested that the President should be an Englishman.

In reply I have to state to you that Her Majesty's Government entirely concur in M. Waddington's proposal.

I am, &c.
(Signed) SALISBURY.

No. 1048.

The Marquis of Salisbury to Sir G. Elliot, M.P.

Foreign Office, August 13, 1879.
LORD SALISBURY presents his compliments to Sir George Elliot, and begs leave to acknowledge the receipt of his letter of the 5th instant, with its inclosure, relating to questions affecting the financial liabilities of the Egyptian Government.

No. 1049.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14.)

(No. 433. Political. Most Confidential.)

My Lord, *Alexandria, August 4, 1879.*
THE Khedive informed M. Tricou and me this afternoon that Aarifi Pasha had telegraphed to him that it was the Sultan's wish that Ismail Pasha should be granted

permission to return to Egypt, where he might reside either at Damietta or Alexandria.

On hearing from His Highness that he had not sent a reply to Aarifi Pasha, both M. Tricou and I approved this step and recommended that he should not answer the telegram.

I expressed to the Khedive my conviction that any attempt on the part of Ismail Pasha to return to Egypt would be strongly opposed by Her Majesty's Government.

I have sent the above information to Her Majesty's Ambassador at Constantinople by telegraph.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1050.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14.)

(No. 434. Political.)

My Lord, *Alexandria, August 5, 1879.*
I HAVE the honour to inclose the monthly statement of the Commissioners of the Public Debt which was published in the "Moniteur" of the 3rd instant.
The amounts in hand on the 31st ultimo were as follows:—On account of the Unified Debt, 428,240l.; on account of the short loans, 38,090l.; and on account of the Privileged Debt, 160,000l.

If the interest on the Unified Debt is to be paid at the rate of 5 per cent., as was the case on the 1st May, the coupon due on the 1st November will amount to 1,425,000l.; on the 15th October the coupon on the Privileged Debt, amounting to 442,872l., falls due, and on the 1st October a coupon of 252,222l. on the short loans.

The balance in round figures of the amounts required to meet the various coupons is therefore as follows:—

	£
Unified	997,000
Privileged	272,000
Short loans	213,000
Total	1,482,000

There is also a sum of about 300,000l. due on account of the tribute.

Supposing the receipts from the Railway Administration to amount to 150,000l. more before the 15th October next, there would still remain a balance of 1,632,000l. to be drawn from the revenues of Egypt.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1050.

Extract from the "Moniteur Egyptien" of August 3, 1879.

Alexandrie, le 4 Août, 1879.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE D'ÉGYPTÉ.

Etats Mensuels au 31 Juillet, 1879, des Sommes Versées à la Caisse de la Dette Publique.

État No. 1.—DETTE Unifiée, échéance du 1^{er} Novembre, 1879 (Intérêts et Amortissement), montant à 1,988,982l. sterling.

Désignation des Provinces et Administrations dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes Versées du 1 ^{er} au 31 Juillet, 1879.	Sommes Versées du 1 ^{er} Mai au 30 Juin, 1879.	Totaux au 31 Juillet, 1879.
Province de Garbieh	Piastres. 1,950 00	Piastres. 6,008,671 37	Piastres. 6,010,621 37
„ Menoufieh	9,291 20	4,687,344 00	4,696,635 20
„ Béhéra	2,564 00	1,768,038 33	1,770,602 33
„ Siout	14,862 10	1,199 20	16,061 30
Octrois du Caire	1,267,648 39	2,935,915 28	4,193,564 27
„ d'Alexandrie	503,900 00	893,299 09	1,397,199 09
Douanes	3,350,386 02	6,131,707 20	9,482,893 22
Droits des Tabacs	485,762 26	1,114,558 39	1,600,321 25
Revenus du Sel	148,801 27	125,859 25	274,661 12
Ferme de Matarieh	322,512 07	468,468 28	790,980 35
Ecluses et droits de navigation sur le Nil	322,437 18	255,722 33	578,160 11
Pont de Kasr-el-Nil	261,689 21	308,746 37	570,436 18
Disponible au 30 Avril	6,681,806 10	24,699,533 29	31,381,339 39
Total	..	..	10,371,949 21
Soit	..	..	41,753,289 20 £ 428,240

État No. 2.—EMPRUNTS : 1864, 1865, 1867.

Semestrialités déjà Payées.	£	s.	Semestrialités à Payer.	£	s.
Intérêts et amortissement—			Intérêts et amortissement—		
8 Janvier, 1879	39,689	10	1 ^{er} Octobre, 1879	252,222	0
1 ^{er} Avril, „	254,255	0	22 Novembre, „	29,389	10
22 Mai „	183,855	10	8 Janvier, 1880	152,073	0
7 Juillet „	153,165	0			
	630,965	0		433,684	10

Désignation des Provinces.	Sommes Versées du 1 ^{er} au 31 Juillet, 1879.	Sommes Versées du 1 ^{er} Janvier au 30 Juin, 1879.	Totaux au 31 Juillet, 1879.
Produit de la Moukabalah—	Piastres.	Piastres.	Piastres.
Kench	94,844 07	4,395,937 13	4,490,781 20
Esneh	273,721 27	653,775 27	927,500 14
Ghirgeh	165,000 00	7,101,687 20	7,266,687 20
Minieh	70,498 10	2,217,689 26	2,288,187 36
Fayoum	..	1,136,737 09	1,136,737 09
Benisouef	473,953 29	2,189,522 09	2,663,475 38
Ghizeh	38,007 10	2,872,717 36	2,910,725 06
Siout	3,367 20	11,094,735 38	11,098,103 18
Garbich	1,911 10	8,372,771 20	8,374,682 30
Menoufieh	800,000 00	3,933,467 06	4,733,467 06
Béhéra	200,000 00	1,276,882 18	1,476,882 18
Charkeh	401,176 00	6,030,899 21	6,432,075 21
Dakahlieh	1,099 00	7,242,454 15	7,243,553 15
Galloubieh	2,377 00	4,186,527 13	4,188,904 13
Gouvernorat de Rosette	..	1,070 11	1,070 11
Totaux	2,525,958 33	62,706,876 02	65,232,834 35
Soit	..	..	£669,055
Sommes employées pour les semestrialités des 8 Janvier, 1 ^{er} Avril, 22 Mai, et 7 Juillet	..	..	£630,965
Reste disponible	..	..	£38,090

État No. 3.—DETTE Privilégiée, échéance du 15 Octobre, 1879 (Intérêts et Amortissement), montant à 442,872l. sterling.

Désignation des Administrations dont les Revenus sont affectés à la Dette Privilégiée.	Sommes Versées du 1 ^{er} au 31 Juillet, 1879.	Sommes Versées du 15 Avril au 30 Juin, 1879.	Totaux au 31 Juillet, 1879.
Chemins de Fer	Piastres. 4,582,500	Piastres. 11,017,500	Piastres. 15,600,000
Port d'Alexandrie	..	..	..
Totaux	4,582,500	11,017,500	15,600,000
Soit	..	..	£160,000

Le Caire, le 2 Août, 1879.

Le Commissaire-Directeur de la Caisse
de la Dette Publique,
(Signé) A. COLVIN.Le Contrôleur,
(Signé) W. Mog.

No. 1051.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14.)

(No. 437. Political. Confidential.)

My Lord,

Alexandria, August 6, 1879.

THE Khedive returned to Alexandria on the 4th instant, having been absent for a few days in order to visit the fair at Tantah and to be present at the ceremony of cutting the bank of the Nile at Cairo.

At the visit which I paid to him on his return, His Highness told me that he had received a telegram from Aarifi Pasha suggesting that Ismail Pasha should be allowed to return to Egypt, and making an appeal to His Highness' filial sentiments. The telegram concluded by saying that a favourable answer would be satisfactory to the Sultan, and would be well viewed at Constantinople.

The Khedive said that this telegram had placed him in a position of great embarrassment. Although Ismail Pasha was his father, he could not conceal from himself that his return to Egypt would be most unfortunate. It was impossible to suppose that he would consent to remain quietly in Egypt. Intrigues would at once be set on foot, and the late members of the Ministry would at once surround Ismail Pasha, and would render his (the Khedive's) position untenable. In fact, if Ismail Pasha were to come back he (the Khedive) would be obliged to give up all attempts to govern the country.

His Highness went on to say that he had not yet replied to this telegram, having been anxious before doing so of consulting M. Tricou and me. He had already seen M. Tricou, who had thought it better that His Highness should not reply to Aarifi Pasha's telegram.

I told the Khedive that I entirely concurred in the advice which M. Tricou had given him, and that I was convinced that Her Majesty's Government would be strongly opposed to the return of Ismail Pasha to Egypt. I added that I would at once communicate the information which His Highness had given me to your Lordship by telegraph.

His Highness said he would be glad if I would do so, but that he hoped that the communication might be regarded as strictly confidential.

On the following morning, having received your Lordship's telegram No. 38, I again went to the Khedive and told him that your Lordship had approved the language I had held to him on the previous day, and had instructed me to resist to the utmost of my powers the grant to Ismail Pasha of permission to return to Egypt.

His Highness said he was much relieved by this communication, which extricated him from a position of great embarrassment. He repeated what he had said to me with regard to the effect which the return of Ismail Pasha would produce in Egypt,

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and said that he believed that the telegram he had received from Aarifi Pasha was the result of an intrigue.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1052.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14.)

(No. 438. Political. Confidential.)

My Lord,

Alexandria, August 7, 1879.

MR. FITZGERALD returned to Egypt yesterday morning. Having been privately informed some time before that he was about to return, I took an opportunity of suggesting both to the Khedive and to Chérif Pasha the advisability of securing his services to the Egyptian Government. I pointed out that the work that Mr. Fitzgerald had done in Egypt in preparing the Budget and introducing a sound system of accounts rendered him eminently qualified for preparing the ground for the Commission which, it was probable, would meet for the settlement of the financial affairs of Egypt.

Both the Khedive and Chérif Pasha gave me to understand that they would be glad to see Mr. Fitzgerald reappointed to his old post of Deputy Controller-General of Receipts, but that the post that he had subsequently occupied in the Ministry of Finance had been abolished, and that it would be difficult to find a place for him.

I observed that the Controllers-General had not as yet been appointed, that Mr. Fitzgerald held an appointment in India which he would have to take up before long unless he could obtain employment in Egypt, and that I thought the Egyptian Government would do wisely in taking advantage of his services at once.

On Mr. Fitzgerald's arrival yesterday I again spoke to the Khedive on the subject, and His Highness said he would see what could be done. His Highness was personally very well disposed towards Mr. Fitzgerald, whose services he thoroughly appreciated, but he observed that as the post which Mr. Fitzgerald occupied in the Ministry had been done away with, it was not merely a question of reappointing Mr. Fitzgerald himself but of re-establishing a whole Bureau.

I told His Highness that, although I had received no instructions from your Lordship on the subject, I felt convinced that Her Majesty's Government would learn with satisfaction that Mr. Fitzgerald had been reappointed, and this morning, on the receipt of your Lordship's telegram No. 41, I informed His Highness that your Lordship had authorized me to use my influence unofficially to bring about Mr. Fitzgerald's reinstatement in the post which he resigned last April.

Mr. Fitzgerald has himself had an interview with the Khedive and with Chérif Pasha, and has explained that his reappointment would not entail any further change, as all the members of his former Bureau are still employed in the Ministry.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1053.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14.)

(No. 26. Commercial. Confidential.)

My Lord,

Alexandria, August 7, 1879.

I HAVE the honour to inclose a copy of a letter, and its inclosures, which has been addressed to me by Mr. Archer Shee, the Inspector-General of Customs, upon the subject of the position which he holds under the Egyptian Government.

The relations that have for a long time existed between Mr. Archer Shee and Mr. Scrivenor, the Director-General of Customs, have been such as to excite much comment in the public, and have, no doubt, been injurious to the proper working of the Administration. Matters have, however, now reached such a state that, in spite of all the efforts which I have made to induce Mr. Scrivenor and Mr. Archer Shee to work more in harmony together, it is impossible that these two gentlemen should continue to work in the same Administration with any prospect of a satisfactory result.

Mr. Archer Shee has presented a petition to the Khedive praying His Highness to cause an investigation to be held, and suggesting the formation of a Commission, composed of the principal Europeans in His Highness' service, to examine into the complaints which he has to bring against Mr. Scrivenor.

I have taken an opportunity of speaking to the Khedive and to Chérif Pasha on this subject; and having reason to believe in the existence of a formidable intrigue against Mr. Archer Shee, in consequence of the action he has taken with a view of preventing smuggling, and of introducing reforms into the Administration, I have pointed out the necessity of a serious inquiry being made into the whole question; and I added that I felt convinced that if Mr. Archer Shee were to be driven into sending in his resignation in consequence of the inquiry he asked for being denied to him, a very bad impression would be produced, more especially when it was remembered that Mr. Archer Shee had been designated by Her Majesty's Government for the post he now occupies.

The Khedive told me that for a long time complaints had reached him with regard to the administration of the Customs, and that he would now bring the matter before the Council of Ministers.

I said that, as the matter in dispute concerned the persons of two Englishmen, I trusted that some of the English gentlemen in the service of His Highness might be placed upon the Commission charged with the investigation.

I had intended to wait until the Khedive had given me a definitive answer, and I had also intended to have applied to Mr. Scrivenor for any observations he might wish to make upon Mr. Archer Shee's communication to me, in order that my report to your Lordship might be as full as possible, but I regret to say that the matter has become further complicated by a demand on the French Agent and Consul-General for the dismissal of Mr. Archer Shee.

Some days ago M. Tricou informed me that he had received a complaint from the French Consul at Port Saïd against Saba Bey Askaros, an employé in the Customs, for having insulted him. M. Tricou had, in consequence, demanded the dismissal of Saba Bey Askaros, and the Khedive had, in consequence, given orders that he should be dismissed. Since then he had heard that Mr. Archer Shee had refused to carry out this order, and had instructed him to remain at his post; that Saba Bey was still in the performance of his duty, and had said openly that he was supported by Mr. Archer Shee, and was strong enough to resist the French Consul. M. Tricou said that it was intolerable that Mr. Archer Shee should take upon himself to override the authority of the Khedive; that there would be an end of all sort of government if such conduct were permitted, and he read me a note that he had addressed to Chérif Pasha demanding Mr. Archer Shee's dismissal.

I informed M. Tricou that I deeply regretted that he had thought fit to take this step, more especially as I was convinced that there must be some mistake in the matter. I had understood from Mr. Shee that the very fact of Saba Bey having been dismissed without his knowledge was one of the complaints he had to bring against Mr. Scrivenor; but in any case, the dismissal of an English functionary who had been designated by his Government for the post he held was a serious matter, and could only be justified by proof of misconduct or incapacity.

It appeared to me to be such a serious matter that an English official employed in Egypt should be liable to be dismissed on the demand of the French Consul-General without any investigation of the charges brought against him, and without his being afforded an opportunity of defending himself, that I thought it my duty to bring the case to your Lordship's knowledge by my telegram No. 100 of this day's date.

I have, &c.
(Signed) FRANK C. LASCELLES.

P.S.—Since writing the above I have again spoken to M. Tricou on the subject, who has told me that, since he has learnt that Saba Bey Askaros has really been dismissed, he will no longer press for the dismissal of Mr. Archer Shee, and he has authorized me to say so to Chérif Pasha.

F. C. L.

Inclosure 1 in No. 1053.

Mr. Shee to Mr. Lascelles.

Ramle, August 4, 1879.

Sir,

I GREATLY regret that I find myself compelled to address you on the subject of the position I hold under the Egyptian Government, and on the management of the Customs service, of which I am the "Executive Head."

I am well aware that under ordinary circumstances any complaints—in the general acceptance of the word—which I might feel called upon to make with regard to the conditions attending my official position should be addressed to the Government in whose service I am. But, in view of the peculiar state of things at present existing in this country, and the exceptional circumstances by which I, as an Englishman in the Egyptian service, find myself surrounded, I consider it my duty, before taking any steps in that direction, to place before you, as briefly and as clearly as I am able, a statement regarding the management of this service with which, it is due to myself, to those who selected me for the appointment I fill, and to the Government I am serving, that I should no longer, by remaining silent, allow my name to be identified.

2. From the day in which I took up my appointment, in April last year, until now, the head of the service, Mr. Scrivenor, imagining (as he has since told me) that I had been sent out to supplement him, has treated me with suspicion and mistrust. And, although I assured him, in good faith, that he might count upon my cordial co-operation, he elected to take into his confidence certain subordinates in the service, some of whom were appointed by himself, and to administer the service with their assistance instead of mine.

3. I do not consider it necessary to trouble you at present with the details of my relations with Mr. Scrivenor during the past fifteen months, or to dilate upon the state in which I found this service, at every post, on my arrival, and my own work. I only desire to place on record the fact that, though supposed by the Government and the public generally to be jointly responsible with Mr. Scrivenor for the administration of the service, I have been steadily ignored by Mr. Scrivenor as an administrator, and regarded by him as simply his executive officer; and, furthermore, my refusal to accept any responsibility for the present inefficiency of the service, the confusion in it which now prevails, and the administrative scandals which are unfortunately matters of public notoriety.

4. Mr. Vivian told me that the ex-Khedive had pointed at the customs service as an instance of the failure of Englishmen to do the work they had undertaken. I allude to this conversation for the purpose of putting in writing the reply which I made to Mr. Vivian. I said that if the Government desired to dispense with my services on the ground of economy, and on the ground that two highly-paid officials for so small a service were unnecessary, I had not a word to say; but, I added, that I declined to be held responsible for the failure of a system of administration which was not mine and which I disapproved.

5. The question of Customs administration can, however, no longer be limited to internal organization. Transactions have been entered into, owing to the crooked-mindedness of the advisers of the Director-General, which I hold to be discreditable to an English administration with which I am connected, and, if I were to pass them over in silence, I should deservedly be considered a party to them.

6. It will be convenient, I think, if I make the statement to which I have alluded in the form of a Memorandum, and, after reading it and this despatch, I shall be much obliged if you will take such steps as you may deem necessary, and if you will have the goodness to advise me as to the course which I had better follow.

7. In conclusion, I must repeat that I deeply regret the impossibility in which I find myself of working in the service of this country in harmony and good-will with a fellow-countryman.

I have, &c.
(Signed) M. ARCHER SHEE,
Inspector-General of Egyptian Customs.

Inclosure 2 in No. 1053.

Memorandum.

TURKISH tobacco is subject to an export customs duty of 10 piastres per oke, and when exported to Egypt the Egyptian Customs authorities are bound to demand the production of a duty-paid certificate ("raftieh") in proof that the tobacco has not been smuggled out of Turkey. Such certificate being in order, an octroi duty of 5 piastres for inferior, and 25 piastres per oke for two superior and rarely-imported qualities, is levied by the Egyptian Customs.

A vast quantity of tobacco is yearly smuggled out of Turkey into Egypt, and such tobacco, if seized, is subject to confiscation and a fine of double the Turkish duty, half the fine being intended for transmission to Turkey. But since the reduction of the Egyptian octroi by Decree of 29th March, 1879, from 20 piastres to 5 piastres per oke, overtures have been made by some of the leading smugglers of Alexandria to Mr. Scrivenor, and (as I will proceed to show) entertained by him, to admit the tobacco smuggled out of Turkey without demanding the Turkish duty-paid certificates ("raftiehs") and on payment to the Egyptian Customs of double the octroi only, or 10 piastres per oke.

2. In April this year some of the leading smugglers, in accordance with an arrangement come to with Mr. Scrivenor, and brought about by the Customs' legal adviser (a Greek named Haicallis), wrote a letter to Mr. Scrivenor, explaining that a vessel laden with tobacco was then in the harbour; that the tobacco having been exported originally for a foreign port they were not in possession of the Turkish duty-paid certificates ("raftiehs") necessary for Egypt; and begging that the vessel, having been driven into Alexandria by stress of weather, and 30 per cent. of her cargo having been damaged by sea water, they might be allowed to land the tobacco here on payment of the double octroi only, or 10 piastres per oke.

This document was a tissue of falsehoods. The vessel had not been driven into Alexandria by stress of weather, but had been on the coast, as was well known, for a considerable time, trying to smuggle her cargo.

Nevertheless the Director-General sent the letter to me, with the following instructions written on it:—

"Inspector-General, accept this; receive manifest. Morice Bey will arrange with Aly Talaat as to allowance to be made for damage. Give every facility." At the same time Morice Bey informed me that 30 per cent. had been agreed upon as the amount to be allowed for damage.

I declined to act in the matter without more explicit instructions, the whole transaction appearing to me to be most objectionable, and, above all, that part of it which required one of my subordinates—a native—to be called upon by me to go through the mockery of an examination to ascertain the amount of damage done to the tobacco, it being prearranged that whether he found 1 per cent. or 10 per cent. he was to certify to 30 per cent. of damage.

I therefore wrote to the Director-General to ask whether I was right in understanding that the tobacco was to be admitted (1) without raftiehs; (2) on payment of double octroi only (i. e., 10 piastres instead of 21 piastres); and (3) that an allowance of 30 per cent. (which would reduce the amount to be paid from 21 piastres per oke to 7½ piastres), was to be made for damage.

On receiving this communication from me, the Director-General deemed it necessary to telegraph to Cairo for instructions, and since then, the 22nd April, I have heard no more on the subject, though the ship left Alexandria without landing her cargo.

3. On the 10th May last, when at Port Saïd, Mr. Scrivenor instructed the Director of Customs there to enter into an arrangement with some smugglers by which prohibited tobacco (i. e., all tobacco of other than Turkish origin, and the sale of which is only permitted at Cairo) was to be nominally seized by the Customs, and sold to the owners at 5 piastres per oke, for delivery at Cairo. And the Director was instructed to admit and deal with, in the first instance, 30,000 okes in this manner, to be transmitted to Cairo by instalments to Mr. Percy Elsworth for delivery to the purchasers, i. e., the owners.

Nine thousand okes of prohibited tobacco were thus sent to Cairo, but so many difficulties were raised by the Governor of Port Saïd and the octroi authorities at Cairo against the admission of this quantity that Mr. Scrivenor, forgetting probably that the agreement with the smugglers extended to 30,000 okes, ordered the Director

at Port Saïd to discontinue the practice. But the quantity agreed upon with the smugglers had been seized and sold back to them, and accordingly 12,000 more okes were forwarded to Cairo on the 12th July, and the balance, 9,000 okes, has, I believe, yet to be delivered.

Although all despatches from the Director-General to the Directors at the out-ports on all subjects except "accounts and statistics" are supposed to be transmitted through me, all instructions on these matters were given to the Director at Port Saïd without my knowledge.

4. This month the Director-General entered into an arrangement with certain smugglers by which they were to give information which should lead to the seizure of their tobacco by the Coast-guard, and by which they were to receive 50 per cent. of the seizure in kind as the informers' share of the spoil. It would then still be open to them to purchase the remaining half of their goods at the so-called customs sale by auction.

In accordance with this agreement the Coast-guard were informed on the 19th July that at a certain place they would be able to seize 105 bales of contraband tobacco. The information was of course correct, and the 105 bales were seized. After the seizure, the Inspector-in-chief of the Coast-guard, Major Morice Bey, who had been told to promise half the amount seized to the informers (owners), was told that his promise could not be kept, and that the informers would be content with the usual reward of 40 per cent. of the proceeds of the sale.

By the regulations in force no contraband which has been seized can be sold until it has been pronounced to be contraband by a Customs Commission, of which I am the President. Between the 19th and the 25th July I was kept from my office by sickness, but I resumed duty at 1 P.M. on the 25th. The Commission had sat that morning, under the presidency of the Director-General's Secretary, and the confiscation of the tobacco had been pronounced.

I was not informed of the seizure, nor of the assembly or the decision of the Commission. The tobacco was ordered to be sold on the afternoon of the 25th without my knowledge. The "sale" took place on the morning of the 26th, and the result was submitted to the Director-General and approved by him without my knowledge, and the tobacco was delivered to the purchasers and passed out of the customs gate on the same day (26th) without my knowledge or authority; the whole transaction having been carried on behind my back by the Director-General's Secretary.

It is unusual to wait several days after a confiscation has been pronounced before proceeding to the sale of the goods. No sale by auction can be held at the custom-house without previously notifying the fact to those interested that it is about to take place. In this case, no notices were issued, no auctioneer officiated at the sale, and only seven purchasers—all of them connected with, and some actually the owners—appeared on the scene. Finally, the tobacco was sold by mutual agreement amongst the purchasers for 13 piastres per oke—the real value varying from 3 to 26 piastres; and of the amount realized, 40 per cent. was paid to the informers, who are at the same time the owners and purchasers.

5. It is unnecessary for me to explain or comment on the evils—whether regard be had to good faith towards Turkey or towards the bulk of the merchants of the country—which result from the proceedings which form the subject of the preceding paragraphs. That they are discreditable to an English Administration cannot, I apprehend, be contested.

I am told that the Director-General received an order from one of the Ministers, on or about the 20th June, authorizing him to grant such terms to certain smugglers, and it appears that the order was brought to him from Cairo by the person named Haïcalis, to whom I have alluded, and who is retained as the Director-General's legal adviser in all customs matters. This order, though in the possession of the Director-General for several weeks, was only communicated to the Inspector-in-chief of the Coast-guard, Morice Bey, by the smugglers themselves on the 17th July. They requesting his co-operation in accordance with the terms of the order.

How, and under what inducements, M. Haïcalis obtained this order, I cannot pretend to say, and I am doubtful whether the Minister who gave it appreciated fully its real nature.

The affair has naturally caused grave discontent amongst all the tobacco merchants, who see in it most unfair favouritism to a certain few.

6. I am informed that instructions have been issued to the Directors of some of the outports to facilitate the importation of contraband tobacco on the same plan of operations at their ports. And I have reason to believe that upwards of 1,100 bales

were "seized" in this manner at Damietta on the 31st instant. Again, these instructions have been communicated direct and without my knowledge.

If such things are to continue, I do not quite understand why I am here, or the use of appointing Englishmen to attempt to train and organize a service, and to change chaos and corruption into order and fair dealing. The task will be an impossible one, and the result inevitable failure.

7. As I am firmly convinced that the present deplorable state of things is, in great measure, due to the influence and action of the lawyer, M. Haïcalis, I deem it necessary to mention the following circumstance:—

On my arrival in this country in April 1878, I found that a dispute had been going on for some time between a French merchant, a M. Debourg, and Mr. Scrivenor concerning the duty on some sugar. After some weeks the dispute was decided in M. Debourg's favour, and shortly afterwards the French Consul wrote to Mr. Scrivenor to say that M. Debourg had declared that he had gained his point only the day after he had paid 300*l.* to the Customs. Mr. Scrivenor stated to me that the only persons who could have received this money were the Director of Customs, Ibrahim Bey, and M. Haïcalis, but that, if M. Debourg did not give up the name of the persons to whom he had paid the money, he could do nothing. I strongly urged Mr. Scrivenor to get rid of both of these men, but nothing was done. Ibrahim Bey was shortly afterwards dismissed on other grounds, and in compliance with my demand, but M. Haïcalis is still in the service, and he and some others in Mr. Scrivenor's office exercise great and most baneful influence in the management of this service.

8. In conclusion, I regret to have to place on record that, on the conduct of Mr. Scrivenor's Secretary in connection with the sale of the 105 bales of tobacco becoming known to me, I wrote a despatch, copy of which I annex, to Mr. Scrivenor, demanding the suspension of his Secretary pending inquiry into the charges which I preferred against him, and that Mr. Scrivenor has neither answered my despatch nor suspended his Secretary.

Ramle, August 4, 1879.

(Signed) M. ARCHER SHEE.

Inclosure 3 in No. 1053.

Mr. Shee to Mr. Scrivenor.

Sir,

July 31, 1879.

ON the morning of the 25th instant 105 bales of tobacco, seized by the Coast-guard on the 19th instant, were condemned as contraband, and ordered to be sold by a Commission of Inquiry presided over by Mr. Elias, acting as Director of the Custom-house during my absence from sickness.

At 1 P.M. on the 25th I resumed duty, and the 105 bales were ordered to be sold that afternoon by Mr. Elias, without reference to me, and without his having communicated the fact of the Commission having sat, or even the fact of the seizure having been made.

On the morning of the 26th the tobacco was sold, still by order of Mr. Elias, and still without my knowledge.

The sale was conducted privately and not by public auction. No auctioneer was present, and only seven purchasers were there to buy. These purchasers headed by the Christian Tobacco Sheikh, agreed amongst themselves to pay £T. 13 per oke for the tobacco.

The result of the sale was not communicated to me, and your approval of it was obtained by Mr. Elias without my knowledge, and although the sale list was irregular from every point of view.

The tobacco was delivered the same day, 26th July, to the purchasers, and passed through the customs gates without my knowledge or sanction.

After the sale had been effected, the first class Visitor, Thodri Effendi Hamani, was called upon to certify that thirty-five bales of the tobacco were very much damaged by wet.

This same officer had delivered the tobacco to the Chief Storekeeper on the 21st July without certifying to any damage, as he was in duty bound to do if there were any damaged bales.

The whole circumstances connected with the seizure, and the sale of the tobacco, must form the subject of another despatch, which will probably render necessary the

fullest inquiry. At present, on the facts above related, I consider it my duty demand the suspension of Mr. Edward Elias, on the charges—

1. Of having taken upon himself to give orders in my office, and during my presence, without my knowledge or sanction;

2. Of having ordered a sale of Government property to be held in a manner—as I am prepared to prove—prejudicial to the interests of the revenue and the good name of the Custom-house of which I am the head; and

3. Of having, with an object, caused an officer of this Custom-house to write a certificate which was false.

I have, &c.
(Signed) M. ARCHER SHEE,
Inspector-General of Customs.

No. 1054.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14, 10.30 A.M.)

(No. 107.)
(Telegraphic.) *Cairo, August 14, 1879.*

I HAVE communicated to the Khedive your telegram No. 46. His Highness, being afraid that a bad impression might be created at Constantinople by his not going there to receive his investiture, is most anxious that it should be clearly understood that his visit is postponed in deference to the will of the Powers.

(Sent to Constantinople.)

No. 1055.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14, 2.45 P.M.)

(No. 108.)
(Telegraphic.) *Cairo, August 14, 1879.*

THE ceremony of the reading of the Firman of Investiture took place this morning at the citadel.

No. 1056.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 14, 6 P.M.)

(No. 109.)
(Telegraphic.) *Cairo, August 14, 1879, 4.10 P.M.*

WITH reference to your telegram No. 47, General Marriott, who is now on leave, is not on the Commission at all. The Chairman is Ismail Pasha, of the Railway Board.

If M. Cremer is to be added to the Commission, I presume a casting vote will have to be given to the Chairman, unless M. Cremer were appointed instead of M. Voisin, who holds a subordinate post in the Egyptian service.

This arrangement would, no doubt, be more satisfactory, but it may be difficult to induce the Khedive to agree to it for fear of exciting French susceptibilities.

The Commission will not meet for two or three days, and I should be glad to receive your Lordship's instructions on the subject.

No. 1057.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1071.)
Sir, *Foreign Office, August 14, 1879.*

I HAVE to acknowledge the receipt of your Excellency's despatch No. 693 of the 3rd instant, with its inclosures, giving the history of the recent negotiations with the Porte respecting the Firman to be granted by the Sultan to the new Khedive of Egypt.

I have now to express to your Excellency the satisfaction with which your own proceedings in this matter have been viewed by Her Majesty's Government, and to convey to you their entire approval of the energy you have displayed in bringing this matter to a satisfactory issue.

I am, &c.
(Signed) SALISBURY.

No. 1058.

The Marquis of Salisbury to Mr. Lascelles.

(No. 49.)
(Telegraphic.) *Foreign Office, August 15, 1879, 2.20 P.M.*
YOURS 109.

I should prefer the substitution of Cremer for Voisin. The action of Tricou in this matter justifies your objecting to appointment of a Frenchman.

No. 1059.

The Marquis of Salisbury to Sir H. Elliot.

(No. 114.)
(Telegraphic.) *Foreign Office, August 15, 1879, 7.15 P.M.*

IT is very desirable if possible to settle this question of the Rothschild Loan without further delay. I understand the Austrians only want a stakeholder they can trust to receive the money; and that, if satisfied on that point, they will accede to the proposed Decree preventing further hypothecations of the estates. Suggest that the Decree should have a clause providing that the Khedive will accept, as payment of the loan, payment to the Caisse of the Public Debt, in trust to dispose of it as directed by the Commission of Liquidation to be appointed with international sanction, or failing such a Commission, then as directed by the Khedive, with concurrence of the Powers. If Austria will agree to this, the matter can be settled at once.

No. 1060.

The Marquis of Salisbury to Mr. Adams.

(No. 1072.)
Sir, *Foreign Office, August 15, 1879.*

HER Majesty's Government have carefully considered the Memorandum forwarded by M. Waddington with reference to the functions of the proposed Commission of Liquidation. It appears to them that there are objections of a serious character to the adoption of the procedure which his Excellency recommends.

If his suggestion went no further than to limit the area of the jurisdiction to be assigned to the Commission of Liquidation there would be no objection to it, indeed, in principle, but its practical application would meet with obstacles not easily surmounted.

The subjects over which the Commission of Liquidation shall exercise its powers are, of course, a fair question for discussion, but a restriction of their action to the floating debt would not be feasible in practice. If only the floating debt is to be submitted to liquidation it follows that the other debts which are excluded must be paid in full.

The other debts amount to something more than 80,000,000*l.*, while the floating debt scarcely amounts to 8,000,000*l.* If the 80,000,000*l.* be paid in full nothing probably will be left with which the 8,000,000*l.* can be paid at all.

The simple limitation, however, of the Commission of Liquidation is not, as I understand it, contemplated by M. Waddington's proposition. He desires that the Report issued in May last by the late Commission of Inquiry, in which certain suggestions for dealing with the debt were made should be accepted as conclusive, should be pressed by the two Governments upon the Khedive and upon the other Powers concerned, and should be presented, under the sanction of their approval, to the acceptance of the Mixed Tribunals.

As I understand you, however, this acceptance is only to apply to that portion
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of the Report which deals with the consolidated or funded debt, and the floating debt is to be excluded from the benefit of this decision, and is to be referred anew to a Commission of Liquidation.

It cannot escape M. Waddington that the acceptance of this scheme could not be forced upon the Mixed Tribunals without the concurrence of the Powers, at least, of the chief Powers who have had a share in establishing them, and that among these Powers there will be more than one which take a special interest in the floating debt.

It seems to me improbable that these Powers should ever consent to an arrangement by which a certain rate of payment should, in the first instance, be assigned to the Consolidated Debt, and that the floating debt should be disposed of by the distribution of whatever residue might remain. They will probably claim that the amount which the floating debt is to receive shall be decided at the same time as the amount which the Consolidated Debt is to receive, and that the position of Egyptian assets between the two, though not necessarily made at an equal rate, shall be made upon a review of Egyptian liabilities as a whole.

This objection will probably be decisive in the view of those Powers who attach a special importance to the floating debt. England is not among them; but there are other difficulties in M. Waddington's proposition which it is still harder for Her Majesty's Government to surmount.

The objection of the owners of the Unified Debt to be submitted to any Tribunal of Liquidation, and their desire to be left to the operation of the Report of May last, is due to an apprehension that such a Tribunal may see fit to diminish the amount of interest promised to them in that Report. Under its terms the Unified Debt was to receive 5 per cent., but the possibility of making such a payment was borne out by the figures, in which the Commission were able to rely; certainly, no considerable margin was left. In order to arrive at it it was necessary to press terms upon some other of the secured creditors, to which they will reluctantly submit, to estimate closely, perhaps severely, the claims of the unsecured debt, and to assign the very lowest practicable sum for the purpose of Egyptian administration. Since that Report was composed several months have passed away. During that interval the condition of Egyptian finance has not improved.

Much money was squandered by the late Khedive after he had resumed the control of the finances after the dismissal of the European Ministers, and it was said that a large sum was anticipated from the taxes of the ensuing year, and was carried by the late Khedive into his retirement. Interest, meanwhile, at a very heavy rate, has been accumulating upon the floating debt, as well as upon the liabilities. The proportion, therefore, of liabilities to assets is more unfavourable than it was in May. Under these circumstances it may possibly be maintained that 5 per cent. can no longer be assured to the holders of the Unified Debt without injustice to other creditors, or to the still more cogent claims of the Egyptian Administration. If this contention be sustainable it would clearly be unjust and inexpedient to commence the arrangement of Egyptian finance by the declaration that, come what may, the unified creditors shall receive 5 per cent. upon their capital.

Her Majesty's Government does not assume to express any opinion upon the soundness of either of these contending views. They have no wish to maintain either the affirmation or the negation of the proposition that the unified creditors ought to receive 5 per cent.

They rather feel bound to decline any position which would lay upon them the duty of coming to a decision on such a point. It is not, in their view, consistent with the policy which the English Government has uniformly observed in respect to questions of this character, that they should undertake the office of judging between the conflicting claims of rival creditors.

They do not possess a sufficient knowledge of the facts, nor have they at their command machinery by which those facts could be substantiated or properly weighed. They would be glad to concur in facilitating the adoption by the Khedive of any arrangement in which all the creditors, or the mass of them, should be agreed; or, on the other hand, in assisting the Khedive to appoint a Tribunal by which, in default of such arrangement, their claims should be adjusted. But the proposal made by M. Waddington imposes upon them the responsibility of deciding that in the present fiscal state of Egypt the unified creditors ought to receive 5 per cent. interest, and no less; and this decision they feel themselves incompetent to pronounce. If M. Waddington were desirous to exclude from the action of the Commission any debts in respect to which special securities are held, leaving those creditors to be satisfied out

of those securities, according to their extent, it might be possible to enter into such an arrangement without an infraction of the principles to which Her Majesty's Government feel bound to defer. Or if, without restricting the action of the Committee of Liquidation, M. Waddington were to desire to refer to them the Report of last May, with instructions to give to it due weight in their deliberations, sufficient liberty would still be left to them to enable them to undertake their investigations without in any degree prejudicing the result. Or, if neither of these arrangements were satisfactory to the French Government, the whole matter might be deferred until after the Controllers had entered upon the discharge of their duties, and the two Governments might be able to accept some satisfactory solution of the difficulty by the light of the authoritative counsel and information which the Controllers will be able to afford.

Excluded by the principles upon which this Government usually acts, from the mode of procedure which his Excellency has proposed, we venture to suggest these alternative courses to his consideration.

I shall be glad to know whether he would be disposed to accept any one of them as a basis for further discussion.

You are at liberty to furnish M. Waddington with a copy of this despatch if he should desire it.

I am, &c.
(Signed) SALISBURY.

No. 1061.

The Marquis of Salisbury to Mr. Adams.

(No. 1074.)
Sir,

I TRANSMIT to you herewith a copy of a despatch, and of its inclosures, from her Majesty's Acting Consul-General at Alexandria, reporting the action taken by M. Tricou in demanding of the Egyptian Government the dismissal of Mr. Archer Shee, an Englishman who holds the position of Inspector-General of Customs.

It appears from the postscript to Mr. Lascelles' despatch, that M. Tricou has now withdrawn his demand for Mr. Shee's dismissal; but I have to instruct you to call the special attention of the French Government to the proceedings of M. Tricou in this matter, and to point out to them the difficulty of keeping up a good understanding between the French and English Agents in Egypt, of which the importance is so great, if one of them is allowed to take sudden action against an English officer of the Khedive in the manner indicated in Mr. Lascelles' despatch.

I am, &c.
(Signed) SALISBURY.

No. 1062.

The Marquis of Salisbury to Mr. Lascelles.

(No. 228.)
Sir,

I HAVE received your telegrams Nos. 106 and 109 of the 12th and 14th instant, relative to the appointment of a Commission by the Khedive to examine into the administration of the Customs.

From an accidental obscurity in the first of these messages, I had been under the impression that the President of the Commission would be General Marriott. While concurring, therefore, in your suggestion that M. Cremer, one of the Commissioners for the Public Debt, should be added to the Commission, I expressed my opinion that the Chairman should be given a casting vote in case of the members, who would then be six in number, being equally divided upon any question.

I now learn, from your second telegram, that General Marriott, who is on leave, is not upon the Commission, and that Ismail Pasha is the Chairman.

Under these circumstances, it seems desirable that the number of the Commissioners should remain at five, as already arranged; and it would appear preferable that M. Cremer should, if possible, be substituted for M. Voisin, who, as you state, holds a subordinate post in the Egyptian service.

The action of the French Agent and Consul-General in endeavouring to obtain

Mr. Archer Shee's dismissal by the Khedive is a sufficient ground for your objecting to the appointment of a Frenchman to serve upon the Commission.

I am, &c.
(Signed) SALISBURY.

No. 1063.

Mr. Adams to the Marquis of Salisbury.—(Received August 16.)

(No. 856.)

My Lord,

Paris, August 14, 1879.

I HAD this morning the honour to receive your Lordship's despatch No. 1055 of the 12th instant, and, in execution of the instructions contained therein, I have deemed it best to address to M. Waddington, who is absent from Paris, a note conveying the proposal of Her Majesty's Government that a joint communication should be made to the Khedive by England and France, respecting the explanations given by Carathéodory Pasha of the meaning of certain words which are employed in the new Firman issued by the Sultan to His Highness.

I beg to inclose a copy of the note which I have accordingly sent to-day.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 1063.

Mr. Adams to M. Waddington.

M. le Président du Conseil,

Paris, August 14, 1879.

IN the Firman now granted to Tewfik Pasha the following words occur:—

"Les Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive."

A question as to the interpretation of this passage having arisen during an interview which the British and French Ambassadors at Constantinople had with Carathéodory Pasha, it was agreed that the former should address a note to the latter, recording the statement that he had made to them, viz., that the words used in the Turkish text in no way implied an obligation on the part of the Khedive to obtain the authority or sanction of the Sultan before the promulgation of Conventions concluded by him, except in the case provided for by the Firman itself, of their being a violation of the political Treaties and sovereign rights of the Porte.

A joint declaratory note was consequently addressed by Sir Henry Layard and M. Fournier to Carathéodory Pasha on the 28th July.

Your Excellency is doubtless already in possession of a copy of this note.

Sir Henry Layard and M. Fournier, as the former has informed Lord Salisbury, think that it would be desirable to communicate this Note to the Khedive, and his Lordship has now instructed me to state to your Excellency that Her Majesty's Government propose to make a communication to the Khedive accordingly, if the French Government have no objection to such a course.

I shall be much obliged to your Excellency if you will have the goodness to favour me with an answer at your early convenience.

I have, &c.
(Signed) F. O. ADAMS.

No. 1064.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 16, 3 P.M.)

(No 110.)

(Telegraphic.)

Cairo, August 16, 1879, 1.45 P.M.

PORTE has officially requested Khedive not to go to Constantinople until after the month of Ramadan, which begins on the 18th instant.

(Sent to Constantinople.)

No. 1065.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 16, 4.10 P.M.)

(No. 111.)

(Telegraphic.)

Cairo, August 16, 1879, 2.45 P.M.

WITH reference to your telegram No. 49, M. Cremer does not wish to serve on Commission, but thinks that the matter might be referred to the Caisse.

I have suggested that this should be done, but Khedive objects on the ground that it would form a precedent for the interference of the Caisse in administrative questions.

Voisin Bey is to be replaced by Sami Pasha.

I believe the Commission, as now constituted, to be a fair one.

No. 1066.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 17.)

(No. 617.)

(Telegraphic.)

Therapia, August 16, 1879.

WITH reference to Mr. Lascelles' telegram of the 14th instant, I have agreed to French Ambassador's proposal to address a note to the Porte, requesting that Sultan will permit Khedive to defer his visit to Constantinople to receive his investiture, in deference to the wish of the Powers.

No. 1067.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 17.)

(No. 129.)

(Telegraphic.)

Vienna, August 16, 1879.

I HAVE communicated your telegram No. 114 to Baron Calice, who said that Rothschild had informed Austrian Government of the proposed Decree, promising that hypothecations previous to the 3rd February shall be paid out of loan. Austrian Under-Secretary for Foreign Affairs had forwarded the proposal to Count Andrassy, recommending that it should be agreed to; and his answer, which will probably be affirmative, is expected in two days.

German Government, whose opinion had been asked, have answered that they will be guided by that of Austria.

No. 1068.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 17, 6.45 P.M.)

(No. 618.)

(Telegraphic.)

Therapia, August 17, 1879.

I HAVE sent following telegram to Mr. Lascelles:—

"Yesterday French Ambassador and I sent a note to the Porte requesting that, in deference to the wishes of the Powers, Khedive might be permitted to postpone his visit to Constantinople to receive investiture. It appears, from your telegram, that Viceroy has been requested not to come to Constantinople till after Ramazan. Should this delay not be sufficient, we think Viceroy should address himself directly to the Sultan, stating that his most earnest desire is to present himself as soon as possible to his Sovereign, but pointing out at the same time the necessity of settling affairs, and taking measures for assuring tranquillity, and of settling important questions pending with some European Powers before he leaves Egypt. French Ambassador telegraphs in same sense to M. Tricou."

No. 1069.

Mr. Adams to the Marquis of Salisbury.—(Received August 18.)(No. 131.)
(Telegraphic.)*Paris, August 17, 1879.*

I HAVE executed instructions respecting the action of Tricou with regard to Archer Shee.

M. Waddington begged me to assure your Lordship that this was the first he had heard of the matter, that he regretted it extremely, and that he would speak about it seriously to Tricou, who was coming home on leave.

No. 1070.

Mr. Adams to the Marquis of Salisbury.—(Received August 18.)(No. 132.)
(Telegraphic.)*Paris, August 17, 1879.*

I HAVE communicated to M. Waddington your Lordship's No. 1072 respecting Commission of Liquidation, and left copy with him.

He promised early answer.

No. 1071.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 18, 12:30 P.M.)(No. 113.)
(Telegraphic.)*Cairo, August 18, 1879, 11:30 A.M.*

CHÉRIF PASHA has fallen, and the entire Ministry is changed. The Khedive takes the Presidency himself.

No. 1072.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 18, 2:50 P.M.)(No. 114.)
(Telegraphic.)*Cairo, August 18, 1879, 2:30 P.M.*

M. TRICOU leaves to-morrow by French mail for Paris on six weeks' leave of absence.

No. 1073.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 18.)(No. 115.)
(Telegraphic.)*Cairo, August 18, 1879.*

THE Egyptian Ministry is constituted as follows:—

Zoufkar Pasha, Interior and Justice, *ad interim*; Haidar Pasha, Finance; Osman Pasha Refki, War and Marine; Mustapha Fehmy, Foreign Affairs; Ali Pasha Ibrahim, Public Instruction; Mohamed Pasha Marshli, Public Works; and Mohamed Sami Pasha, Wakfs (*sic*).

No. 1074.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 19.)

(No. 719. Confidential.)

My Lord,

Therapia, August 10, 1879.

I RECEIVED your Lordship's telegram No. 208 of the 5th August at 11 A.M. on that day, but Mr. Lascelles' telegram, to which it referred, did not reach me until too late in the evening to permit me to act upon it until early on the following morning.

I then called upon Safvet Pasha, and represented to him that, if it were true that the Sultan had requested Tewfik Pasha to permit the ex-Khedive to reside in Egypt, Her Majesty's Government and that of France were determined to oppose his return, and that it was of the utmost importance that His Majesty's request should be immediately withdrawn. His Highness said that he knew nothing of the matter, and that if the Sultan had taken the step attributed to him, he had done so without consulting the Porte. On communicating with my French colleague on the subject, I found that he had received from M. Tricou a telegram to the effect that the Sultan had insisted upon the return of the ex-Khedive to Egypt, and that M. Fournier had telegraphed to Paris for instructions. I told him that, according to Mr. Lascelles' telegram, His Majesty had only said that he would be glad if Ismail Pasha were allowed to return to Egypt, and had not insisted upon his doing so, which made a considerable difference.

Late in the day M. Fournier received the instructions referred to in Lord Lyons' telegram, repeated to me in your Lordship's No. 211. The following morning I sent Sir A. Sandison to Safvet Pasha to urge upon him to give at once the most explicit assurances to M. Fournier and myself that the ex-Khedive would not be permitted to go back to Egypt. His Highness said that he would lose no time in placing the matter before the Sultan in such terms as would, he hoped, convince His Majesty that it was absolutely necessary that Tewfik Pasha should be directed not to allow his father to return. His Highness begged Sir A. Sandison to go himself to the Palace, in order to make a representation to His Majesty from me, as the question was one in which the Sultan took a deep personal interest.

I accordingly sent Sir A. Sandison to the Palace, but he was unable to see His Majesty who had retired for the day. I had, in the meanwhile, received your Lordship's telegram No. 211, and I had directed Sir Alfred, in the event of his not being received by His Majesty, to communicate its substance to him through Munir Bey, and to point out the serious consequences that would eventually ensue if His Majesty persisted in requiring that Ismail Pasha should be allowed to reside in Egypt, and to request His Majesty to permit me to assure your Lordship by telegraph at once, that he had no intention of authorizing the return of the Khedive to Egypt. His Majesty replied that he would take my communication into consideration, and hoped to be able to send me a reply in the course of the evening.

As I had received no answer by the following morning, I agreed with M. Fournier, to whom I had communicated all that had passed, that it would be desirable that we should address an identic note to the Porte, stating that as we had learnt that the ex-Khedive would be authorized by His Majesty to reside in Egypt, we considered it our duty to inform the Porte that our respective Government were opposed to Ismail Pasha's return, and would admit of no discussion on the subject.

In the course of the afternoon Munir Bey came to me from the Sultan to say that, as His Majesty had determined not to permit Ismail Pasha to reside in any part of Turkey, and as it was desirable that the ex-Khedive should be in a Mahomedan country, His Majesty hoped that there would be no objection to his going to some place in Egypt, where he could be watched by the Egyptian Government, and could be prevented from doing mischief. I told Munir Bey that it was useless to discuss the matter, and that unless His Majesty was prepared to withdraw any authorization that he might have given to Ismail Pasha to return to Egypt, the French Ambassador and myself would, on the following morning, send a note to the Porte expressing, in very decided terms, the views of our respective Governments on the subject. The Sultan would then be compelled to draw back, and as such a step before a menace could not but be offensive to his dignity, I earnestly hoped that His Majesty would, without loss of time, do what I suggested. I begged Munir Bey to call upon M. Fournier, who, I was certain, I said, would hold precisely the same language. His Excellency accordingly went to the French Embassy, where my colleague showed him the draft of the note which he intended to send to the Porte next day.

Very early next morning I received an invitation from the Sultan to see him at mid-day. M. Fournier agreed to withhold his note until I had had an opportunity of communicating with His Majesty. On my way to the Palace I called on Safvet Pasha, who read me his letter to the Sultan, in which he described, in very forcible terms, the serious danger of a misunderstanding with England and France if His Majesty authorized Ismail Pasha to return to Egypt, and the consequences of such an event, one of which he insinuated, might be that Tewfik Pasha would, supported by the two Powers, virtually shake off his allegiance. His Highness urged the Sultan to accede to Ismail Pasha's request to reside in the Island of Rhodes. His Majesty,

in his reply, maintained that there could be no objection to the return of the ex-Khedive to Egypt, provided he did not go to the seat of Government, but absolutely refused to allow him to take up his residence in the Island of Rhodes, or in any other part of His Majesty's dominions. From this resolution, His Majesty added, he would not recede. Safvet Pasha told me that he could do no more, and begged me to use my utmost endeavours to prevail upon His Majesty to give way.

I had a very long conversation with His Majesty, who adhered to his determination not to permit Ismail Pasha to go to Rhodes, or to reside in any part of Turkey. His Majesty said that he had held a family council on this subject, as it was one in which his brothers, as well as himself were concerned. It was the unanimous opinion of all the members of his family that the presence of the ex-Khedive in any part of his dominions would be a serious danger to the dynasty. He was a notorious intriguer, had an unlimited command of money, and was known to be exceedingly ambitious. He was now, moreover, exasperated by his deposition, and would, no doubt, seek to revenge himself. It was impossible to say what means he might take to do so. His Majesty saw no objection to Ismail Pasha residing in some out-of-the-way place in Egypt, where a careful watch might be kept over him.

I pointed out to His Majesty that the question was not whether Ismail Pasha should be permitted to reside in His Majesty's dominions—a matter for the consideration of His Majesty alone, in which I was not authorized to interfere—but that he should not be allowed to return to Egypt. Upon this subject, I was bound to tell His Majesty, neither England nor France would admit discussion. They were determined not to allow the ex-Khedive to go back to Egypt, and they would, if the necessities were unfortunately to arrive, take measures to prevent it. I warned His Majesty that, unless the authorization given to Ismail Pasha to return was withdrawn, M. Fournier and I would be compelled to send in a note to the Porte, without delay, indicating in plain terms the views of our Governments. I earnestly begged His Majesty not to render it incumbent on us to take so grave a step.

The Sultan replied that he was glad to hear that Her Majesty's Government did not insist upon Ismail Pasha residing in Turkey; as long as such was the case it signified little where he went. He requested me to prevail upon M. Fournier not to send the note to which I had referred, and to give him my advice as to the course he should pursue.

I answered that His Majesty must have been under a complete misapprehension if he supposed that Her Majesty's Government insisted upon the ex-Khedive taking up his residence in any part of His Majesty's dominions against His Majesty's wish. He had himself, when he first spoke to me on the subject, suggested Smyrna as a place to which Ismail Pasha might go. There might be objections to Smyrna; but there could be none, it appeared to me, to Rhodes. It was a small island, and if a Governor were sent to it, in whom His Majesty had full confidence, such a watch might be kept over Ismail Pasha as to prevent him from engaging in intrigues.

If he lived in any European city he could do as he liked, and would be under much less restraint than he would be in Rhodes. However, these were matters for His Majesty's consideration. The question now was how to get out of the difficulty that had arisen from His Majesty's application to Tewfik Pasha to permit the ex-Khedive to return to Egypt. I ventured to suggest that, in order to do so, His Majesty should direct Safvet Pasha to inform M. Fournier and myself in writing, that Ismail Pasha should not be authorized by His Majesty to reside in Egypt, and, as His Majesty insisted that he should not take up his residence in Turkey, in any part of His Majesty's dominions.

The Sultan replied that he would act upon this advice, and would give instructions according to the Prime Minister, who was in the Palace. This His Majesty at once did, and Aarif Pasha, whom I saw after my audience, informed me that he would lose no time in communicating them to Safvet Pasha, who has accordingly to-day sent to M. Fournier and myself a note, of which I have the honour to inclose a copy, but which is dated apparently by mistake the 12th.

Safvet Pasha has also informed us that he has been directed by the Sultan to state to Tewfik Pasha that his father will not return to Egypt, but will not be permitted to reside in any other part of the Ottoman territory.

have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 1074.

Safvet Pasha to Sir A. H. Layard.

M. l'Ambassadeur,

Sublime Porte, le 12 Août, 1879.

J'AI l'honneur d'informer votre Excellence, d'ordre de Sa Majesté Impériale le Sultan, mon auguste Maître, que l'ex-Khedive Ismail Pasha ne sera pas autorisé à séjourner ni en Egypte ni dans une autre partie de l'Empire Ottoman.

Veuillez, &c.
(Signé) SAFVET.

No. 1075.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 19.)

(No. 725.)

My Lord,

Therapia, August 11, 1879.

WITH reference to my despatch No. 719 of to-day, M. Fournier has observed to me that he considers Safvet Pasha's note, stating that Ismail Pasha shall not be authorized to reside in Egypt, or in any other part of the Sultan's dominions, to be a direct engagement with England and France that the ex-Khedive should not be allowed to establish himself in any part of Turkey, and that, consequently, if Ismail Pasha were to attempt to go to Tripoli, France would call upon the Porte to prevent him from doing so. My French colleague further informs me that, in acknowledging the receipt of Safvet Pasha's communication, he has taken note ("pris acte") of it, and that he has pointed out to his Highness in conversation what he considers to be the effect of it. I have simply acknowledged it.

I have, &c.
(Signed) A. H. LAYARD.

No. 1076.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 19.)

(No. 520.)

My Lord,

Vienna, August 16, 1879.

WHEN I went this morning to Baron Calice, with your Lordship's telegram of yesterday, I learnt from him that Baron Rothschild had already applied to the Austrian Government for their support of the proposed Decree respecting the Egyptian Loan, and had intimated that the interests of all the holders of Daïra mortgages of a date previous to the 3rd February would be respected, and the amounts due to them paid.

He had sent the papers to Count Andrassy to get his instructions upon them, which he expected to receive in two or three days, and he had every expectation of the answer being favourable, as he had strongly recommended the acceptance of the proposal.

He continued, he said, to be of opinion that the Decree would set aside the legal rights of persons holding mortgages of a date subsequent to the 3rd February, but as fortunately there were no Austrian subjects within that category the Imperial Government were not under any necessity of constituting themselves their champions against the wishes of the other Powers.

He had forwarded the communication from Messrs. Rothschild to Berlin and Rome, for the opinion of the German and Italian Governments, and the former had replied that they had themselves no objection to the proposal, but would be guided by the decision of the Austrian Cabinet.

The Italian Government had not as yet returned an explicit answer.

I have, &c.
(Signed) HENRY ELLIOT.

No. 1077.

Mr. Adams to the Marquis of Salisbury.—(Received August 19.)(No. 868.)
My Lord,

Paris, August 17, 1879.

I SPOKE to M. Waddington this afternoon in the sense of your Lordship's despatch No. 1074 of the 15th instant, respecting the action taken by M. Tricou in demanding of the Egyptian Government the dismissal of Mr. Archer Shee.

I gave his Excellency a summary of M. Tricou's proceedings in the matter, as recorded in Mr. Lascelles' Confidential despatch No. 26 of the 7th instant, marked Commercial, and I stated that, although it appeared that M. Tricou had now withdrawn his demand for Mr. Shee's dismissal, I was instructed by your Lordship to call the special attention of the French Government to M. Tricou's proceedings, and to point out the difficulty of keeping up a good understanding between the French and English Agents in Egypt, of which the importance was so great, if one of them is allowed to take sudden action against an English officer of the Khedive in the manner indicated by Mr. Lascelles' despatch.

M. Waddington, in reply, stated that this was the first that he had heard of the matter in question, that he begged me to assure your Lordship that he regretted it extremely, and he was fully alive to the importance of keeping up a good understanding between the French and English Agents in Egypt.

His Excellency further said that M. Tricou was coming home on leave, and that he would speak to him seriously on the subject when he arrived in Paris.

I have, &c.
(Signed) F. O. ADAMS.

No. 1078.

Mr. Adams to the Marquis of Salisbury.—(Received August 19.)(No. 869.)
My Lord,

Paris, August 17, 1879.

IN accordance with the instructions contained in your Lordship's despatch No. 1056 of the 13th instant, I have reminded M. Waddington of the wish he had expressed to Lord Lyons that there should be a French Secretary to the proposed Commission of Liquidation in Egypt, of which he had been good enough to suggest that the President should be an Englishman, and I have stated to M. Waddington that Her Majesty's Government entirely concur in his proposal.

I have, &c.
(Signed) F. O. ADAMS.

No. 1079.

Mr. Adams to the Marquis of Salisbury.—(Received August 19.)(No. 871.)
My Lord,

Paris, August 17, 1879.

IN obedience to the instructions contained in your Lordship's despatch No. 1072 of the 15th instant, making observations on the Memorandum forwarded by M. Waddington with reference to the functions of the proposed Commission of Liquidation in Egypt, I this afternoon left a copy of that despatch with his Excellency, at his desire, after having read the document to him.

M. Waddington begged me to inform your Lordship that he would furnish me with an early answer to your despatch.

I have, &c.
(Signed) F. O. ADAMS.

No. 1080.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 19, 5.30 P.M.)

(No. 131.)

(Telegraphic.)

Vienna, August 19, 1879, 4.20 P.M.

AUSTRIAN Government have telegraphed to Berlin and Rome that they have no objection to Decree about Rothschild Loan in the shape proposed, and with engagement that the proceedings are to go in the manner originally intended.

No. 1081.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 19, 2.45 P.M.)

(No. 116.)

(Telegraphic.)

Cairo, August 19, 1879, 2.30 P.M.

WITH reference to your despatch No. 11, Commercial, I have received no instructions to suggest appointment of a Commission to examine questions connected with Alexandria Harbour.

No. 1082.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 20, 6 P.M.)

(No. 117.)

(Telegraphic.)

Cairo, August 20, 1879, 5 P.M.

I HAVE sent following to Her Majesty's Ambassador at Constantinople:—

"With reference to my telegram of the 17th instant, Khedive thinks it would be better not to take any further steps with reference to his visit to Constantinople until end of Ramadan."

No. 1083.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 21, 1.30 P.M.)

(No. 118.)

(Telegraphic.)

Cairo, August 21, 1879, 12.15 P.M.

KHEDIVE has telegraphed to Riaz Pasha requesting him to return to Egypt at once and to take the post of Minister of the Interior, to which Mansour Pasha has been appointed provisionally.

His Highness hopes that Riaz Pasha will arrive by next mail. He requests that Controllers-General may be sent out as soon as possible, in order that he may have the advantage of their assistance in his difficult task, which he is anxious to begin at once.

He hopes also that the arrival of the Commission of Liquidation may not be long delayed. He has begged me to wait for a definitive answer about Mr. Fitzgerald's appointment until arrival of Riaz Pasha.

I have told him that I was convinced that appointment of Riaz Pasha would produce an excellent effect in England.

No. 1084.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 21, 1.30 P.M.)

(No. 119.)

(Telegraphic.)

Cairo, August 21, 1879, 12.45 P.M.

WITH reference to my telegram No. 111, Khedive has just told me that, as the inquiry into the Customs Administration affects two Englishmen, he has decided that Commission shall be formed of English and Egyptians. M. Caillard has been appointed instead of M. Vacher, and Mustapha Pasha Arab has been added to it.

No. 1085.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 21, 7.30 P.M.)

(No. 120.)

(Telegraphic.)

Cairo, August 21, 1879.

I HAVE sent following to Her Majesty's Ambassador at Constantinople:—

"With reference to my telegram of yesterday, Khedive foresees that it will be impossible that the affairs of Egypt should be so far arranged in a month's time as to admit of His Highness leaving the country. He expresses his earnest desire of paying his respects to the Sultan, and is afraid that a bad impression would be produced at Constantinople if the suggestion for a further postponement of his visit were to come from him. He would, therefore, be glad if the matter could be explained to the Sultan by your Excellency and the French Ambassador. French Acting Consul-General has telegraphed in the same sense to French Ambassador."

No. 1086.

*The Marquis of Salisbury to Sir J. Walsham.**

(No. 49.)

(Telegraphic.)

Foreign Office, August 21, 1879.

I HAVE suggested to Austrian Government that their objections to proposed Decree of Khedive, protecting from hypothecation lands on which the Rothschild Loan is secured, might be met as follows:—It might be provided in the Decree that the proceeds of the Rothschild Loan should be paid over to the Caisse of the Public Debt in trust to be applied as directed by a Commission of Liquidation to be appointed under sanction of the Powers, or, failing such Commission, then in trust to be applied as directed by the Khedive, with concurrence of the Powers. Has the Government to which you are accredited any objection to this proposition, as safeguard against misapplication of the loan?

No. 1087.

The Marquis of Salisbury to Sir A. Paget.†

(No. 444.)

Sir,

Foreign Office, August 21, 1879.

WITH the view of meeting the objections entertained by the Austrian Government to the proposed Decree of the Khedive protecting from hypothecation the lands on which the Rothschild Loan is secured, I have suggested to them the following arrangement:—

It might be provided in the Decree that the proceeds of the Rothschild Loan should be paid over to the Caisse of the Public Debt, in trust, to be applied as directed by the Commission of Liquidation which it is proposed to appoint under the sanction of the Powers; or, failing such Commission, then in trust, to be applied as directed by the Khedive, with the concurrence of the Powers.

I have to request your Excellency to inquire whether the Italian Government have any objection to this proposition, which is intended to provide a means of safeguard against any misapplication of the loan.

I am, &c.

(Signed) SALISBURY.

No. 1088.

Sir J. Walsham to the Marquis of Salisbury.—(Received August 22.)

(No. 58.)

(Telegraphic.)

Berlin, August 22, 1879.

MINISTER for Foreign Affairs has informed me that the German Government has no objection to the plan for providing against misapplication of Rothschild Loan which is referred to in your Lordship's telegram of yesterday.

* A similar telegram was sent to Sir A. Paget.

† A similar despatch was addressed to Sir J. Walsham.

No. 1089.

The Marquis of Salisbury to Mr. Lascelles.

(Telegraphic.)

Foreign Office, August 22, 1879.

HER Majesty's Government await answer of French Government before instructing you in regard to proposed Commission respecting Alexandria harbour works and dues.

All matters relating to the harbour should stand over for the present.

No. 1090.

Mr. Adams to the Marquis of Salisbury.—(Received August 23.)

(No. 880.)

My Lord,

Paris, August 22, 1879.

WITH reference to your Lordship's despatch No. 1055 of the 12th instant, and to my despatch No. 856 of the 14th instant, I have the honour to transmit herewith a copy of a note which I yesterday evening received from M. Waddington.

From this note it appears that the French Government agree in the desirability of communicating to the Khedive the joint declaratory note of Sir H. Layard and M. Fournier respecting the explanation given by Carathéodory Pasha of the meaning of the words "seront communiqués à ma Sublime Porte avant leur promulgation par le Khédive," which are employed in the new Firman to Tewfik Pasha.

M. Waddington states that he is sending instructions to the French Acting Consul-General in Egypt to concert with Mr. Lascelles in order to communicate the declaratory note in question to the Khedive.

I have, &c.

(Signed) F. O. ADAMS.

Inclosure in No. 1090.

M. Waddington to Mr. Adams.

M. le Ministre,

Paris, le 20 Août, 1879.

D'APRÈS ce que vous avez bien voulu me faire savoir par votre note du 14 de ce mois, le Gouvernement de la Reine jugerait utile de communiquer au Khédive la déclaration en date du 28 Juillet dernier, par laquelle les Ambassadeurs de France et d'Angleterre à Constantinople ont pris acte des explications de Carathéodory Pacha fixant le sens du passage du Firman d'Investiture qui est relatif aux Conventions conclus entre l'Egypte et les Puissances étrangères; le Marquis de Salisbury désirerait être assuré que le Gouvernement Français n'a pas d'objections à élever contre cette suggestion.

Je n'hésite pas à partager la manière de voir du Cabinet de Londres sur l'opportunité de la démarche qu'il propose, et j'ai l'honneur de vous annoncer que j'envoie des instructions au Gérant du Consulat-Général de France en Egypte pour l'inviter à se concerter avec Mr. Lascelles afin de communiquer officiellement au Khédive la déclaration dont il s'agit.

Agréez, &c.

(Signé) WADDINGTON.

No. 1091.

Mr. Adams to the Marquis of Salisbury.—(Received August 23.)

(No. 889.)

My Lord,

Paris, August 22, 1879.

M. WADDINGTON informed me this afternoon that the answer of the French Government to your Lordship's despatch No. 1072 of the 15th instant, with reference to the functions of the proposed Commission of Liquidation was not yet ready, but that he intended to give instructions at once to have it drawn up. He said that he was in hopes of being able to propose what would be satisfactory to Her Majesty's Government, but he felt that the question was a difficult one for him.

[1260]

S D

I communicated to his Excellency the substance of Mr. Lascelles' telegram No. 118, copy of which was inclosed in your Lordship's despatch No. 1094 of yesterday, and which reports the recall to Egypt of Riaz Pasha in order to become Minister of the Interior, and expresses the anxiety of the Khedive that the Controllers-General may be sent out as soon as possible, and that the arrival of the Commission of Liquidation may not be long delayed.

I also urged upon M. Waddington the importance of an early answer to your Lordship's communication, and the acceptance by the French Government of one of the alternatives proposed by Her Majesty's Government.

I have, &c.
(Signed) F. O. ADAMS.

No. 1092.

Mr. Adams to the Marquis of Salisbury.—(Received August 23.)

(No. 890. Confidential.)

My Lord,

Paris, August 22, 1879.

WITH reference to my immediately preceding despatch, I have the honour to report that, from observations which M. Waddington made to me confidentially this afternoon, I could gather that he has, at present at least, a leaning towards the second of the alternatives proposed in your Lordship's despatch No. 1072 of the 15th instant, namely, that the Report of last May should be referred to the Commission of Liquidation, with instructions that due weight should be given to it, but his Excellency would not speak decisively on this point.

He remarked, indeed, that his present idea was that this suggestion was the most practical one, and that, as the Commissioners would mostly be the same individuals as those who were on the Commission of Inquiry, they would be pretty sure to attach due weight to a report which most of them had been engaged in drawing up.

I have, &c.
(Signed) F. O. ADAMS.

No. 1093.

Mr. Macdonell to the Marquis of Salisbury.—(Received August 23.)

(No. 68 A.)
(Telegraphic.)

Rome, August 22, 1879, 5.5 P.M.

ON the 5th of August Italian Government adhered to the Egyptian Decree, provided, (1) that the rights of prior mortgages shall be respected; (2) that the residue shall not be misapplied.

Austrian Government have just communicated propositions contained in your Lordship's telegram of yesterday, together with an additional proposition of Messrs. Rothschild of London.

Count Maffei is of opinion that your Lordship's proposals meet the second Italian reservation, whilst Messrs. Rothschild's proposition would meet the first.

The latter suggest a Convention between the Powers, Egypt, and the Rothschilds, which guarantees that the proceeds, after deduction and payment of creditors who have registered their mortgages before the 2nd February, will be exclusively employed in the amortization of the floating debt.

Count Maffei added, not having yet had direct notification of the Rothschild proposal, he must defer an official answer.

Count Menabrea has been instructed to communicate with your Lordship on the subject.

No. 1094.

The Marquis of Salisbury to Mr. Lascelles.

(No. 51.)
(Telegraphic.)

Foreign Office, August 23, 1879, 5 P.M.

YOURS No. 118.

We are very glad to hear of appointment of Riaz Pasha.

No. 1095.

The Marquis of Salisbury to Mr. Lascelles.

(No. 235.)

Sir,

Foreign Office, August 23, 1879.

I INFORMED you to-day by telegraph of the satisfaction with which Her Majesty's Government have learned, from your telegram No. 118 of the 21st instant, that the Khedive had requested Riaz Pasha to return to Egypt, and to accept the post of Minister of the Interior there.

I am, &c.
(Signed) SALISBURY.

No. 1096.

General Menabrea to the Marquis of Salisbury.—(Received August 24.)

M. le Marquis,

Londres, le 24 Août, 1879.

À LA suite d'un entretien que j'ai eu l'honneur d'avoir avec votre Excellence le 21 Juillet dernier au sujet des affaires Egyptiennes, je lui ai adressé, par une lettre du jour suivant, un mémoire relatif au Décret réclamé par MM. de Rothschild à l'effet d'assurer l'insaisissabilité des biens cédés par Ismaïl Pacha et sa famille en garantie de l'Emprunt de 1878.

Conformément au désir de mon Gouvernement, j'ai prié votre Excellence de vouloir bien me faire connaître l'opinion du Gouvernement de la Reine sur les questions soulevées par la demande de MM. de Rothschild, et de m'informer de la réponse que le Gouvernement de Sa Majesté avait l'intention de donner à la communication faite à ce sujet aux Agents étrangers en Egypte par Chérif Pacha en date du 2 Juillet, 1879.

Aucune réponse ne m'étant parvenue jusqu'ici, j'ai l'honneur de rappeler à votre Excellence la demande que j'ai énoncée à la fin du Mémoire susdit, et en la remerciant d'avance de la communication qu'elle voudra bien me faire à cet égard, je saisis, &c.

(Signé) MENABREA.

No. 1097.

Mr. Adams to the Marquis of Salisbury.—(Received August 24.)

(No. 137.)

(Telegraphic.)

Paris, August 23, 1879, 6.45 P.M.

AUSTRIAN Chargé d'Affaires has left a confidential Memorandum with M. Waddington, which would in fact create one large international Control in Egypt, and do away with Anglo-French Control.

His Excellency says that scheme is utterly unacceptable, and he is instructing French Agent at Cairo by telegraph to insist on official nomination of M. Blignières being completed immediately, and he hopes that Her Majesty's Government will instruct English Agent to insist similarly as to Baring, and act in concert.

He thinks this very important, and that the two Controllers should be sent out as soon as feasible.

I will send copy of Memorandum by post to-morrow.

No. 1098.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 24.)

(No. 122.)

(Telegraphic.)

Cairo, August 24, 1879, 2.45 P.M.

MY French colleague has been instructed to concert with me as to communicating to Viceroy of Egypt the joint note addressed by the English and French Ambassadors to the Porte on the 28th ultimo respecting the interpretation of a certain clause of Firman.

I await your Lordship's instructions.

No. 1099.

Sir H. Elliot to the Marquis of Salisbury.—(Received August 25.)

(No. 525.)

My Lord

Vienna, August 19, 1879.

UPON inquiry to-day whether Count Andrassy's assent to the proposed Decree by the Khedive of Egypt in reference to the Rothschild Loan had been received, I was informed that it had.

Telegrams have consequently been sent to Berlin and Rome directing the Imperial Representatives to inform the German and Italian Cabinets that the Austro-Hungarian Government are ready to consent to the Decree in the form proposed, upon the understanding that the proceeds of the loan are to be exclusively devoted to its original purpose.

The question whether it is to be an International Commission or the Diplomatic Agents who are to authorize the payments alluded to in your Lordship's telegram of the instant, is considered as one of detail, which can be agreed upon later.

I have, &c.

(Signed)

HENRY ELLIOT.

No. 1100.

Sir J. Walsham to the Marquis of Salisbury.—(Received August 25.)

(No. 418.)

My Lord,

Berlin, August 22, 1879.

I INFORMED the Minister for Foreign Affairs to-day that, in your Lordship's opinion, all objections to the proposed Decree of the Viceroy of Egypt in the matter of the Rothschild Loan might be met by inserting in this Decree a clause to the effect that the proceeds of the loan should be handed over to the Caisse of the Public Debt, in trust, to be applied either as directed by the Commission of Liquidation, to be appointed with the sanction of the Powers, or, failing such a Commission, as directed by the Khedive, with the concurrence of the Powers.

Such a plan, I said, your Lordship considered would provide against any misapplication of the loan.

Herr von Radowitz authorized me to tell your Lordship that it would entirely meet the views of the German Government.

I have, &c.

(Signed)

JOHN WALSHAM.

No. 1101.

Mr. Adams to the Marquis of Salisbury.—(Received August 25.)

(No. 901. Confidential)

My Lord,

Paris, August 23, 1879.

M. WADDINGTON informed me this afternoon that the Austrian Chargé d'Affaires had left with him a confidential Memorandum which he found, upon examination, proposed what would, in fact, create one large international Control in Egypt, and would do away with the Anglo-French Control.

M. Waddington said that the scheme was utterly unacceptable, and that he intended to instruct the French Agent at Cairo, by telegraph, to insist upon the official appointment of M. de Blignières being completed immediately, and his Excellency added that he hopes similar instructions will be sent to Mr. Lascelles with reference to Major Baring, and he is anxious that the two Agents should act in concert.

M. Waddington further said that he considered this very important, and he was of opinion that the two Controllers should be instructed to proceed to Egypt as soon as it was feasible.

I have the honour to inclose herewith a copy of the Memorandum, the original of

which was placed, confidentially, in my hands by M. Waddington, with a request that I would return it to his Excellency to-morrow.

I have, &c.

(Signed)

F. O. ADAMS.

Inclosure in No. 1101.

Exposé communicated by the Austrian Ambassador at Paris to M. Waddington.

POUR la réorganisation financière et administrative de l'Egypte deux points surtout sont essentiels:—

1. Assurer le présent et l'avenir du pays moyennant l'institution d'un contrôle indépendant et efficace des affaires financières et administratives.

2. Régler les charges et les obligations du passé par une liquidation générale et définitive.

Dans cet ordre d'idées nous abordons la question du contrôle.

1. *Du Contrôle.*—Il est incontestable que les créanciers de l'Egypte ont acquis le droit d'exiger l'institution d'un contrôle indépendant et efficace, droit qui par révocation même du Firman de 1873 ne pourrait en aucun cas être restreint ou modifié, car déjà avant la révocation de ce Firman le Gouvernement Egyptien avait contracté à cet égard des engagements formels.

Par le Décret Khédivial du 2 Mai, 1876, Article 2, la Commission de la Dette Publique fut autorisée à réclamer de toutes les provinces et Administrations dont les revenus avaient été affectés au service de la Dette Publique la production régulière de Tableaux mensuels des recettes, et le Tribunal de Première Instance au Caire rendit un Jugement, par lequel ce droit fut formellement reconnu.

Un autre engagement est contenu dans le Décret du 18 Novembre, 1876, Article 7, concernant la nomination de deux Contrôleurs, dont les attributions sont précisées par l'Article 8 et suivants. Le droit des créanciers de réclamer du Gouvernement Egyptien un contrôle indépendant et efficace est donc incontestable, tandis que de l'autre côté l'obligation du Gouvernement Egyptien d'y donner suite n'est pas moins évidente.

Mais un retour pur et simple au mode ancien du contrôle serait difficile à recommander en face des expériences faites depuis et qui en ont démontré clairement les défauts et les lacunes.

Certains pouvoirs administratifs avaient été attribué aux Contrôleurs-Généraux et ils eurent à s'occuper également de la partie exécutive de l'Administration; en outre, leurs rapports avec la Commission de la Dette Publique n'avaient pas été réglés. Des conflits devaient se produire donc nécessairement. En effet, une action forte et efficace du contrôle ne pourra être assurée que par le concours de tous les éléments compétents.

Or, si quelque chose de durable doit être créée dans ce sens, l'institution d'une Commission Supérieure de Contrôle pour les affaires financières et administratives formerait la garantie la plus forte contre le retour des abus et des errements du passé. Dans ce but on pourrait se servir comme point de départ d'une institution déjà existante, savoir, la Caisse de la Dette Publique.

La Commission Supérieure de Contrôle que nous proposons exercerait collectivement ses fonctions, et sa composition pourrait être la suivante:—

1. Les quatre Commissaires de la Dette Publique.

2. Deux membres, dont l'un serait désigné par la France et l'autre par la Grande Bretagne, en place des deux Contrôleurs-Généraux du Décret du 18 Novembre, 1876.

3. Un membre désigné par l'Allemagne. Pour éviter des malentendus nous croyons qu'il sera utile de préciser nos idées sur les attributions de cette Commission.

(a.) La durée de la Commission serait limitée. En la fixant à cinq ans l'analogie avec les Tribunaux de la Réforme serait respectée. Nous estimons que la durée de la Commission devrait être limitée parce qu'il nous paraît important de constater que les Puissances n'ont pas l'intention de placer l'Egypte sous un contrôle étranger pour toujours, et qu'un contrôle si étendu ne devra être maintenu que jusqu'au moment où l'Administration Egyptienne aura achevé la complète réorganisation et disposera d'éléments indigènes aptes à ce but, et offrant aux créanciers des garanties suffisantes.

(b.) La Commission ne devrait en aucun cas avoir le droit d'une ingérence quelconque dans la partie exécutive de l'Administration, mais elle aurait la faculté de prendre connaissance de tout acte et de toute mesure du Gouvernement en matière

financière ou administrative, et notamment d'examiner le budget en général et en détail. La Commission devrait être aussi autorisée spécialement à porter toutes les fois qu'elle le jugera nécessaire à la connaissance de Son Altesse le Khédive ou du Ministre Président ses propositions concernant la suppression des abus constatés par elle, d'en surveiller l'exécution, et finalement de rendre compte par la voie de la publicité aux créanciers de l'état de son activité.

(c.) Les membres de la Commission seraient nommés par Son Altesse le Khédive sur la proposition des Puissances.

(d.) En ce qui concerne la position hiérarchique de la Commission, il serait établi qu'elle ne sera pas subordonnée aux Ministres Egyptiens, dont elle devra être indépendante.

Avant de terminer ce paragraphe nous devons ajouter, que nous partons de la supposition que les Puissances Occidentales ne revendront plus à l'essai d'introduire des éléments Européens dans le Ministère Egyptien.

2. *De la Liquidation.*—Nous passons à la seconde question, savoir: le règlement des dettes et la liquidation générale des engagements et des charges du passé.

Cette tâche aussi difficile que délicate se divise en deux parties distinctes:

(a.) Etablir les bases et principes de droit qui devront servir de règle dans la liquidation.

(b.) Appliquer ces règles et principes au règlement des dettes.

Pour ce qui concerne la première partie la solution la plus simple semblerait être celle d'en charger les Tribunaux Mixtes. Mais il y a lieu de croire qu'en pratique des difficultés formelles et autres s'y opposent. En outre, les Tribunaux Mixtes sont tellement surchargés d'affaires que des retards considérables pourraient se produire, et que la solution expéditive de la liquidation pourrait être compromise.

Dans cet état des choses il semble plus opportun de charger de ce travail la Commission Supérieure de Contrôle, laquelle pourra toujours, si le besoin se faisait sentir, se servir des lumières et des conseils des plus notables juristes.

La Commission devra en tout cas être munie d'une autorisation ou d'une délégation spéciale de la part des Puissances pour les travaux législatifs nécessaires à la liquidation.

Car l'Egypte ne pouvant pas remplir tous ses engagements moyennant paiement en numéraire, une prorogation des paiements, peut-être même une réduction soit du capital, soit des intérêts, deviendra inévitable.

Régler la situation financière ne serait donc guère possible sans une loi obligatoire pour tous.

Quant au détail de la liquidation, cette partie purement matérielle du travail pourrait être mise à la charge d'un Bureau de Liquidation, dont la composition serait arrêtée d'un commun accord entre le Gouvernement Egyptien et la Commission Supérieure de Contrôle, qui surveilleraient ensemble cette partie matérielle du travail de la liquidation.

No. 1102.

Draft of Additional Article to Decree declaring the Daira Lands free from Seizure.—
(Communicated by Mr. Rivers Wilson on behalf of Messrs. Rothschild, August 25.)

POUR donner une garantie que le solde disponible de l'Emprunt Domanial sera entièrement employé au règlement de la Dette Egyptienne, le Gouvernement Egyptien délègue dès-à-présent à la Commission de la Dette Publique tous ces droits sur les sommes dont il peut encore disposer sur le produit de l'Emprunt Domanial en exécution des Conventions intervenues entre lui et les maisons de Rothschild.

En conséquence, MM. de Rothschild devront accepter comme bonnes et valables décharges les quittances qui leur seront données par la Commission de la Dette en échange des versements qu'ils seront dans le cas de lui faire en exécution de leurs contrats.

La Commission de la Dette Publique conservera les sommes ainsi versées par MM. de Rothschild en qualité de sequestres, pour n'en disposer que suivant les instructions qui lui seront données par la Commission de Liquidation qui sera constituée en vertu d'un accord international; et à défaut de cette Commission, suivant les instructions qui lui seront données par le Khédive avec le concours des Puissances.

No. 1103.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 25.)

(No. 123.)

(Telegraphic.)

Cairo, August 24, 1879, 10.15 P.M.

THE Decree appointing Messrs. Baring and De Blignières as Controllers-General is to be prepared at once, and will be forwarded to Europe by the mail of the 26th instant.

Viceroy, in consequence of delay in the appointment of Commission of Liquidation and in the payment of the Rothschild Loan, is preparing himself a plan for the settlement of the financial question.

Nothing is as yet settled with regard to the appointment of Riaz, Viceroy being anxious to consult his Excellency before deciding upon post to be offered to him.

No. 1104.

The Marquis of Salisbury to Mr. Lascelles.

(Telegraphic.)

Foreign Office, August 25, 1879.

EXPRESS hope that Viceroy of Egypt will hasten as much as possible formal appointment of English Controller. Concert action with your French colleague, who has received similar instructions.

No. 1105.

Count Montgelas to Sir J. Parncefote.—(Received August 26.)

(Confidential.)

Dear Sir Julian,

Belgrave Square, August 25, 1879.

COUNT ANDRASSY has been happy to gather from my reports not only the inclination of Her Majesty's Government to accept *en principe* his suggestion in respect of the Commission of Liquidation in Egypt, but also the fact that identity of views obtains between the two Governments in respect of the scope to be given to the said Commission for the exercise of their powers. Count Andrassy has been glad to find a reception equally favourable given to his suggestion by all the Powers with whom he communicated on the subject, excepting France.

You are well aware of the objections raised by the latter Power against the idea of subjecting the whole of the Egyptian debt, floating as well as consolidated, to the investigation and for the decision of the Commission. These objections of France having been the subject of conversations between M. Waddington and our Chargé d'Affaires at Paris, Count Andrassy has sent instructions on the subject to Count Knefstein, copy of which I am directed to communicate confidentially to you. As an inclosure to these instructions you will find a memorandum on the question of Egyptian finance and administration from M. Kremer, our Delegate on the Egyptian Public Debt Commission, which Count Knefstein is instructed to submit to the French Cabinet.

Count Andrassy does not doubt that the said memorandum will meet with Lord Salisbury's approval, and would in that case be obliged for his Lordship instructing Mr. Adams to second Count Knefstein's steps.

As to Count Andrassy's more detailed answer to Lord Salisbury's suggestions in respect of the Rothschild Decree, I am informed that I shall receive further instructions.

Believe me, &c.
(Signed) R. MONTGELAS.

Inclosure 1 in No. 1105.

Count Andrassy to Count Knefstein.

(Translation.)

Terebes, August 19, 1879.

YOUR Report of the 7th instant gives us information of the position which the French Government takes up in regard to our proposals respecting the institution of an Egyptian Finance Commission.

It is with satisfaction that we are able to state that the Powers with whom we have exchanged ideas on this subject accept our proposals, and that the only divergent views we have to indicate are those which, according to your Report, refer, in the opinion of the French Minister for Foreign Affairs, to the said Commission's sphere of operation.

We must, however, acknowledge with special thanks the readiness with which the French Minister has acceded in principle to the ideas we have suggested.

We certainly cannot conceal the fact that the restriction of the Commission's sphere of operation to the floating debt, as proposed by the French Government, appears to us of sufficient importance to bring the accomplishment of our project altogether into question.

For although we admit to the full extent that the interest of France and England in regard to the Consolidated Debt of Egypt far outweighs that of the other States, and that the floating debt, in which our subjects are principally concerned, forms but a relatively small fraction in comparison with the former, yet we cannot well perceive how the arrangement of the financial affairs could be carried out, unless the connection of these affairs with each other were kept in view, which would not be the case if the Floating and the Consolidated Debt were to be separately treated.

With special reference to one of M. Waddington's remarks, we would point out that the Blignières-Wilson project, which, in the opinion of the French Government, is to form solely and alone the basis for the arrangement of the Consolidated Debt, was contrived with the co-operation and concurrence of our member of the Egyptian State Debt and Inquiry Commission, and that we, therefore, never had the least intention of setting it aside. On the contrary, we, in our propositions, started from the premiss that the said project would form the point of departure for the action of the Commission.

We could perceive from the communications made to you by the French Minister for Foreign Affairs that it would be desirable for him to have further particulars of the details of our proposals to enable him to form a comprehensive and precise idea of them. Perhaps it is because our proposal has not been explained sufficiently at length, for as yet it has merely been formulated in outline, that several objections have been made on the part of the French Minister, which on further development of our proposal may disappear at once.

For this reason we hasten to put you in a position to communicate to the French Government confidentially an ample *Mémoire* on this subject, prepared by our member of the Egyptian State Debt Commission, Councillor von Kremer, whose expositions we have adopted.

It is sent with this.

Without wishing to dwell upon any point in particular, we would leave it to the French Government to weigh the proposals we have put forward thoroughly in the light of this *Mémoire*. At the same time we can only express a wish that the result of the examination may be to furnish a starting-point for a further exchange of ideas, and that in this way an institution may be created, at the earliest opportunity, which would be capable of offering a sure pledge for future regularity in Egyptian financial affairs, and thus provide for the need which is apparently felt on all sides.

With regard to the Khedival Decree concerning the Rothschild Loan, we reserve it for a later despatch to revert to this subject.

Accept, &c.
(Signed) ANDRASSY.

Inclosure 2 in No. 1105.

[See Inclosure in No. 1099.]

No. 1106.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 442. Political.)

My Lord,

Alexandria, August 8, 1879.

I HAVE the honour to report that M. Tricou has addressed an official note to Chérif Pasha in which he demands the dismissal of Mr. Martin Archer Shee, Inspector-General of the Egyptian Customs.

It appears that a short time ago M. Tricou had demanded and obtained the dismissal of the Inspector of Customs at Port Saïd for having made use of insulting language towards the French Consul at that place.

M. Tricou now maintains that Mr. Archer Shee, instead of carrying out Mr. Scrivenor's instructions to dismiss the man in question, encouraged him to remain at his post, and thus prevented the execution of an order issued at his request.

I have pointed out to the Khedive that Mr. Archer Shee was one of the few officials who had been designated by Her Majesty's Government, and I have warned His Highness that a very bad effect would be produced in England if he were to be dismissed without having had an opportunity of defending himself.

I have, &c.

(Signed) FRANK C. LASCELLES.

No. 1107.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 443. Political.)

My Lord,

Alexandria, August 8, 1879.

ON the receipt of your Lordship's telegram No. 39 of the 5th instant, on the subject of the nature of the Control which the English and French Governments had agreed to re-establish in Egypt, I went to M. Tricou, who informed me that he had received similar instructions to mine from his Government. We accordingly went to the Khedive yesterday, and communicated to him the purport of our instructions.

His Highness told us that he gladly accepted the Control such as it was proposed to re-establish, and that Major Baring's return was very agreeable to him, but that he considered the choice of M. de Blignières an unfortunate one. The people here would think that M. de Blignières was only returning in order to revenge himself on those who had contributed to the failure of the European Administration; and His Highness was afraid that the feeling in the country would be so strong against M. de Blignières that he might be very badly received. His Highness also thought that if he were to approve this gentleman's return, his own popularity, which he was anxious to retain, might be impaired.

The Khedive then went on to say that he had heard that Mr. Wilson was likely to come out as President of the proposed Commission of Liquidation, and that, in that case, the remarks which he had just made with regard to M. de Blignières applied equally to him.

I remarked that Mr. Wilson was not of a revengeful character; but, even if he were, Ismail Pasha was the only person on whom he might wish to revenge himself, and that the position of affairs had been completely changed, since his Highness was no longer in Egypt.

The Khedive replied that, unfortunately, the two former European Ministers had managed to make themselves very unpopular in the country. He had always been on good terms with both these gentlemen, and, personally, he therefore had no objection to them, but he would regret to see their return at this moment, when it appeared

necessary to calm, instead of exciting, public feeling; but, if England and France should still insist upon their nomination, he could only bow to the will of the two Powers, whose friendship he valued above all.

I cannot refrain from stating here that no attempt was made by M. Tricou during this conversation to shake the Khedive's opinion, and he limited himself to saying that he would at once communicate His Highness' observations to M. Waddington.

I have, &c.

(Signed) FRANK C. LASCELLES.

No. 1108.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 446. Political.)

My Lord,

Alexandria, August 9, 1879.

REFERRING to my telegram No. 100 of yesterday's date, I have the honour to report that M. Tricou has informed me that he has requested Chérif Pasha to consider as *non-venue* his note demanding Mr. Archer Shee's dismissal.

The manner in which the administration of the Custom-house is conducted has provoked numerous complaints on the part of the public, and, as I believe that a serious intrigue has been set on foot against Mr. Archer Shee, with the object of getting rid of him, I have thought it right to ask the Khedive to cause a serious inquiry to be instituted into the whole question of the Customs administration, which object would be best attained by the appointment of a Commission, consisting of the European heads of administration; and I have suggested that the English gentlemen in His Highness' service should form part of the Commission, because the question refers particularly to two Englishmen.

It appears to me that an inquiry into the whole case can no longer be delayed, more especially as the relations between Mr. Archer Shee and Mr. Scrivenor have become so strained that it has become impossible for them to work in the same Administration with any chance of success.

I have, &c.

(Signed) FRANK C. LASCELLES.

No. 1109.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 448. Political.)

My Lord,

Cairo, August 12, 1879.

IN conversation with the Khedive, His Highness told me that he was anxious to know whether Her Majesty's Government would think it advisable that he should go to Constantinople to receive the Sultan's investiture.

With every desire to fulfil his duty scrupulously towards his Sovereign, His Highness thinks that a visit to Constantinople at the present moment is open to many objections, and, considering that it is owing to the action which the Powers took at Constantinople that the Firman has been issued, His Highness wishes to act in conformity with the advice which the Powers may offer him on the subject.

I have, &c.

(Signed) FRANK C. LASCELLES.

No. 1110.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 451. Political.)

My Lord,

Cairo, August 12, 1879.

REFERRING to my telegram No. 103 of the 9th instant, I have the honour to report that the Khedive has informed me that he has given orders for the appointment of a Commission which will have to inquire into the administration of the Custom-house.

The following are the names of the gentlemen who will compose the Commission:—

Ismail Pasha Yousri, the Egyptian member of the Railway Administration, as President of the Commission; Mr. Colvin; Morice Pasha; Voisin Bey; and M. Vacher, Procureur-Général at the International Courts.

From what I hear, these gentlemen are all most honourable men, and no objection can be raised to any of them.

I venture to ask whether it would not be advisable to suggest the addition to the Commission of M. de Kremer, the Austrian member of the Commission of the Public Debt, who returns to Egypt to-morrow; and, considering that the two heads of the Customs are both English, would your Lordship wish the majority of the Commission to be English, and, in that case, authorize me to make a request to that effect?

I have, &c.

(Signed) FRANK C. LASCELLES.

No. 1111.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 452. Political.)

My Lord,

Cairo, August 13, 1879.

I HAD the honour, on the 9th instant, to inform your Lordship by telegraph that I had on three occasions urged upon the Khedive the advisability of reappointing Mr. Fitzgerald to the post which he formerly occupied in the Ministry of Finance.

In these interviews I pointed out the advantages that would arise from the system of accounts introduced by Mr. Fitzgerald being continued at the Ministry of Finance. It would be necessary to have the accounts so made up as to be able to facilitate the work of the Commission of Liquidation, which would in all probability assemble early in October, for the purpose of regulating the financial condition of Egypt, and it was not to be supposed that the Commission would accept the statements, which I understood from His Highness were now being drawn up at the Ministry of Finance, unless they had perfect confidence in the person who was charged with their preparation. The work had, I understood, been intrusted to Nourison Bey, the Secretary-General of the Ministry of Finance, whose time would be so much taken up by his regular duties as to render it impossible for him to give that attention to the preparation of the accounts which was necessary to ensure their being accepted by the Commission of Liquidation.

On the other hand, the services which Mr. Fitzgerald had already rendered in Egypt proved that he was specially fitted for the work in question, and I had reason to believe that both the Minister of Finance and M. Nourison himself would be glad to see Mr. Fitzgerald resume his duties.

The Khedive said that, although he fully appreciated Mr. Fitzgerald's services, he very much regretted that it was impossible for him to offer him a post at present. His Highness' objections seemed to resolve themselves to two points:—

1. The question of salary.

2. The fear that if an appointment were offered to Mr. Fitzgerald other Powers would demand to have posts with large salaries given to their subjects.

To these objections I replied that Mr. Fitzgerald was willing to allow the question of his salary to remain in abeyance until the arrival of the Controllers-General and the final settlement of the arrangements which would be made with regard to Egypt.

With regard to His Highness' second objection, I said that if Mr. Fitzgerald's reappointment entailed the creation of a new post, I could understand that the

jealousy of other Powers might be excited, but as it was he would merely return to a post which he had already occupied.

I then went on to say that Her Majesty's Government were at present most favourably disposed towards His Highness, and that I much feared that His Highness' refusal to take advantage of the services of Mr. Fitzgerald, who had come out with the knowledge and approval of your Lordship, would produce a painful impression in England, and would be taken as an indication of a disinclination on the part of His Highness to meet the wishes of Her Majesty's Government.

His Highness replied that he should much regret that Her Majesty's Government should think that there was any disinclination on his part to meet their wishes. He was most grateful to them for the proofs of goodwill they had given him, and he therefore all the more regretted that he was unable to accede to my request.

On the receipt of your Lordship's telegram No. 43 of the 11th instant, I called upon Chérif Pasha, and after repeating to him the arguments I had used to the Khedive, I said that it seemed to me that His Highness was very badly advised in refusing to reappoint Mr. Fitzgerald, and I informed his Excellency that a very bad impression had been produced in England by His Highness' refusal. In his own interest His Highness would have been wise to take advantage of Mr. Fitzgerald's services, as he would have been able to prepare the work in such a manner as to facilitate the work of the Commission of Liquidation, and thus shorten the stay of the Commission in Egypt; but to my mind a more serious evil was to be apprehended, viz., a change in the friendly sentiments which Her Majesty's Government at present entertained for His Highness; and in answer to an observation from his Excellency that he hoped that the sentiments of a great Power were not to be changed by the fact of one of their subjects failing to find employment in Egypt, I remarked that on this occasion the Khedive had the opportunity of doing an action which would be agreeable to Her Majesty's Government and of advantage to himself. He had declined to do so, and, as his Excellency had learnt from the telegram which I had received from your Lordship, a very bad impression had been produced.

On the following day I had an interview with the Khedive, and again reverted to the subject. I was, however, unable to obtain a satisfactory answer from His Highness, who, however, said he would again reflect upon the subject.

It is generally supposed here that the Khedive's refusal to employ Mr. Fitzgerald is due to the advice of M. Tricou, who is generally held responsible for everything that has been done lately in Egypt. I have no proof of M. Tricou having taken any action in the matter, although I do not think it unlikely that he would not be sorry to see such an important post in the Ministry of Finance pass out of English into French hands.

Whatever share M. Tricou may have had in preventing Mr. Fitzgerald's reappointment, I cannot doubt that if Chérif Pasha had advised the Khedive to make the appointment His Highness would have done so, but whatever his Excellency's motives may be, he appears to be opposed to the introduction of any measures likely to lead to serious reform.

I have reason to believe that the accounts of receipts and expenditure for the Ministry of Finance and for the provinces have not been completed for the month of January last, and that, up to the present, there is no record of the financial transactions of the country later than that date.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1112.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 454. Political.)

My Lord,

Cairo, August 14, 1879.

I HAVE the honour to report that, on the receipt of your Lordship's telegram No. 46 of yesterday's date, I lost no time in communicating its purport to the Khedive. His Highness expressed to me his fears that his not going to Constantinople to receive his investiture from the Sultan might create a bad impression there, and His Highness is therefore most anxious that it should be clearly understood at Constantinople that the postponement of his journey is made in deference to the will of the Powers.

I have communicated the above to Sir Henry Layard by telegraph.

M. Tricou has informed me that he has told the Khedive that he is convinced that the French Government would be strongly opposed to His Highness going to Constantinople at present, and that he has telegraphed to M. Waddington in sense of my telegram to your Lordship No. 107 of this morning.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1113.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 457. Political.)

My Lord,

Cairo, August 11, 1879.

GENERAL MARRIOTT, whom your Lordship mentions in your telegram No. 47 of yesterday, is absent on leave, and does not form part of the proposed Commission of Inquiry into the Custom-house administration. The gentleman who is to act as Chairman is Ismail Pasha Yousri, who is the Egyptian member of the Railway Board.

With regard to M. de Kremer, I presume that if that gentleman is to be placed on the Commission it will be necessary that the Chairman should have a casting vote, unless M. de Kremer were to be appointed in the place of M. Voisin, who is a Frenchman holding a subordinate position in the service of the Egyptian Government.

Although this arrangement would be more satisfactory, there may be some difficulty in inducing the Khedive, who may be afraid of exciting French susceptibilities, to agree to it.

As the Commission will not meet for the next two or three days, I should be glad in the meantime to receive further instructions from your Lordship with regard to this point.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1114.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 27. Commercial.)

My Lord,

Cairo, August 15, 1879.

WITH reference to my despatch No. 26, Commercial, of the 8th instant, I have the honour to report that on the 9th instant M. Tricou informed me that he had requested Chérif Pasha to consider his note demanding the dismissal of Mr. Archer Shee as *non-avenue*.

On the same day the Khedive informed me that a proposal had been submitted to him by the Council of Ministers for the suspension of Mr. Archer Shee on the ground of his having refused to carry out the orders of his superior officer with regard to the dismissal of Saba Bey Askarous from the post of Director of Customs at Port Saïd. His Highness, however, had refused to sanction the suspension of Mr. Archer Shee until a full inquiry should have been made into the case.

On my arrival at Cairo on the 12th instant, the Khedive informed me that he had ordered a Commission to be formed to examine into the question. The Commission was to be composed of Ismail Pasha Yousri, of the Railway Board; Mr. Colvin; Morico Pasha; Voisin Bey; and M. Vaucher, Procureur-Général.

In telegraphing to your Lordship the composition of the Commission, I suggested that it might be advisable to secure the services of M. de Kremer, the Austrian member of the Commission of the Public Debt, who was about to return to Egypt.

On M. de Kremer's arrival, however, I found that he was unwilling to serve on the Commission, unless the matter should be referred to the Caisse, the Egyptian Government at the same time appointing a person to represent them in the inquiry. M. de Kremer thought also it would be better to await the arrival of another member of the Caisse before beginning the inquiry, more especially as M. Baravelli was expected to return in about a fortnight's time.

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Under these circumstances, I thought it better not to press for M. de Kremer's appointment on the Commission, and I suggested that the matter should be referred to the Caisse. To this His Highness objected on the ground that it would form a precedent for the interference of the Caisse in any similar circumstances, and I therefore limited myself to suggesting that Voisin Bey, who occupied a subordinate position in the Egyptian service, should be replaced by some one of a higher rank, pointing out that, as the question affected two Englishmen in His Highness' service, there was no necessity for the appointment of a Frenchman to serve upon the Commission, although I had no objection to raise against M. Vacher, the Procureur-Général.

The Khedive replied that he had already decided to replace Voisin Bey, and had determined to appoint Sami Pasha, of the Railway Administration, in his stead.

I then suggested that it might perhaps be better to choose some other Englishman instead of Morice Pasha, to whom it appeared to me there were two objections: first, his meagre knowledge of French; and, secondly, the fact that his brother was employed in the Customs Administration.

The Khedive said that there was no reason that the proceedings should be conducted in French, all the members of the Commission understanding English, and the question affecting two Englishmen. He would be sorry that Morice Pasha, of whose character he entertained a high opinion, should not be on the Commission, and His Highness was convinced that he would not be influenced by the fact that his brother was in the service of the Customs.

As the Commission, as now constituted, appears to me to be a very fair one, I do not propose to raise any objection to it, unless instructed by your Lordship to do so.

Mr. Scrivenor, the Director-General, is very indignant that his demand for the suspension of Mr. Archer Shee, which was supported by the Council of Ministers, should not have been acceded to by the Khedive. He says that it is practically prejudging the case against him, as the employés in the Customs, seeing that Mr. Archer Shee is supported by the Consul-General, will imagine that he is stronger than Mr. Scrivenor, and will give their evidence accordingly. I have told him that I was convinced he would have every opportunity of bringing any complaints against Mr. Archer Shee before the Commission, who would no doubt examine the whole question impartially, and would not be influenced by the fact that Mr. Archer Shee had not been suspended pending the inquiry; but I am afraid that I have not been able to persuade Mr. Scrivenor that he has not been deeply injured by the action I have taken in the matter.

Mr. Scrivenor has sent me a copy of a letter which he has thought it right to address to the Earl of Beaconsfield, and a copy of which I understand he has forwarded to your Lordship. I have limited myself to acknowledging the receipt of Mr. Scrivenor's communication, as I did not think that there would be any advantage in my entering into a discussion with him as to the amount of interference which a Consul-General in Egypt is, or is not, authorized to exercise. I have, however, told him in the course of conversation of the reasons which induced me to take action in the matter, viz., the demand of the French Consul-General for the dismissal of Mr. Archer Shee, and I am happy to see that my action has met with your Lordship's approval.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1115.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 458. Political.)

My Lord,

Cairo, August 15, 1879.

ON the morning of the 12th instant I informed the Khedive that I had received a telegram from your Lordship, from which it appeared that the Turkish Minister for Foreign Affairs had addressed a communication to the Ambassadors of England and France to the effect that the Sultan would not allow Ismail Pasha to reside in Egypt or in any other part of the Ottoman Empire.

The Khedive was relieved to hear that Ismail Pasha was not to be allowed to return to Egypt, but he thought it somewhat hard that he should not be permitted to reside in any part of the Turkish dominions. His Highness went on to say that the suggestion that his father should reside at Alexandria or Damietta was due to the

large sums of money which Ismail Pasha had lately sent to Constantinople. It was impossible for Ismail Pasha to remain quiet, and he was now actively engaged in intrigues. The Khedive had lately seen a letter addressed to Ismail Pasha by Abdel Kader Pasha, who was formerly Master of the Ceremonies, stating that the present Viceroy was merely looked upon as Regent of the country during the absence of his father, who it was hoped and expected would soon return to Egypt.

The Khedive said that it was impossible to allow the conduct of Abdel Kader Pasha to pass unnoticed, and that he intended to take severe measures with regard to him, and to prove that he was in reality the Ruler of Egypt.

His Highness went on to say that he had incurred his father's displeasure by insisting on the return of the yacht which had conveyed his Highness to Naples. Another ship, the "Fayoum," had been placed at his disposal, but strict orders had been given that the "Mahroussa" should return at once, and she had already left Naples for Alexandria.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1116.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 460. Political.)

My Lord,

Cairo, August 16, 1879.

THE Khedive informed me to-day that Ali Fuad Bey has officially requested His Highness, in the name of the Porte, to postpone his visit to Constantinople until after the Ramadan fast, which begins on or about the 18th instant, and lasts one lunar month.

I have sent the above information to Her Majesty's Ambassador at Constantinople by telegraph.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1117.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 462. Political.)

My Lord,

Cairo, August 16, 1879.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 49 of yesterday's date, and to report that M. de Kremer, who has just returned to Egypt, would prefer not to serve on the Commission appointed to inquire into the administration of the Customs, unless, indeed, the "Caisse de la Dette Publique" were intrusted with the inquiry.

I have recommended M. de Kremer's suggestion to the Khedive, who, however, objected to it, saying that if the "Caisse" were allowed to interfere in this matter it would establish a precedent for their interference in other administrative questions which it is desirable to avoid.

His Highness then informed me that he had decided to appoint Sami Pasha a member of the Egyptian Railway Board, in the place of M. Voisin Bey.

The Commission, which I have every reason to believe to be a fair one, is now constituted as follows:—

Ismail Pasha Nousri, President; Mr. Colvin; Morice Pasha; Sami Pasha; and M. Vacher, the Procureur-Général.

I have, &c.
(Signed) FRANK C. LASCELLES.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 463. Political.)

My Lord,

Cairo, August 16, 1879.

ABOUT the middle of last month M. Keller, one of the legal advisers of the Ministry of Finance, left Egypt, nominally on leave of absence for the purpose of visiting his family in France.

It appears that instead of going to France M. Keller went to Vienna, where he has been appointed as Agent of the Egyptian Government, with a salary of 40,000 fr. a-year, and an allowance of an equal sum for "frais de représentation," besides the payment of his travelling expenses and a credit for the subvention of newspapers and the sending of telegrams.

I am assured also that M. Keller has a contract for five years.

It is somewhat strange that, at a moment when the Egyptian Government is ostensibly attempting to reduce its expenditure, it should have been thought necessary to create the appointment of an Egyptian Agent at Vienna; and, considering that one of the principal arguments put forward for not reappointing Mr. Fitzgerald to his old post in the Ministry of Finance was the necessity of avoiding the payment of large salaries, it is all the more astonishing that it should have been thought right to give M. Keller a salary which, together with allowance, amounts to upwards of 3,000l. a-year.

I have, &c.

(Signed) FRANK C. LASCELLES.

No. 1119.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 464. Political.)

My Lord,

Cairo, August 16, 1879.

I HAVE the honour to transmit to your Lordship herewith copies of two Decrees which have appeared in the official "Moniteur," and which have been enacted with a view to insure an equitable assessment of the land tax in proportion to the value of the lands owned by each taxpayer.

The first of these Decrees announces the establishment of a general cadastral survey, and determines the manner in which the land measurement and the classification of the lands, according to their degree of fertility, are to be effected. The second Decree enacts that all lands which have been appropriated by the State for works of public utility, such as railways, canals, roads, &c., and which have hitherto been subjected to taxation, are henceforth to be exempted from all taxes.

This measure, if properly carried out, will be a relief to the fellahs, who, as has been pointed out by the late Commission of Inquiry, were obliged to continue to pay heavy taxes on land which had been taken from them by the State for works of public utility.

As for the cadastral survey, it is no doubt a very useful measure, but much will depend upon the composition of the Commission who are to be entrusted with the revision of the valuation of the different classes of land.

I have, &c.

(Signed) FRANK C. LASCELLES.

Inclosure in No. 1119.

Extract from the "Moniteur Egyptien" of August 11, 1879.

Décret.

NOUS, Khédive d'Egypte,
Sur la proposition de notre Conseil des Ministres;
Décrétons et promulguons ce qui suit :—

Article 1^{er}. Afin d'assurer une égale répartition de l'impôt foncier entre tous les contribuables, proportionnellement à la valeur des biens que chacun d'eux possède, il sera procédé à la confection d'un Cadastre général, c'est-à-dire à la levée des plans et à la classification des terrains de la Haute et de la Basse Egypte.

Art. 2. Le service du Cadastre constituera une administration distincte relevant du Ministère des Finances; la Direction en sera confiée à un Directeur-Général nommé par Décret, sur la proposition du Conseil des Ministres. Les Inspecteurs du service du Cadastre seront nommés par Arrêté Ministériel sur la proposition du Directeur-Général. Tous les autres employés du service seront nommés directement par le Directeur-Général.

Art. 3. Le Directeur-Général dirigera toutes les opérations cadastrales et tous les services dépendant de son Administration.

A cet effet il a qualité pour rédiger et mettre à exécution tous règlements d'organisation, d'attributions, et de discipline.

Art. 4. En aucun cas les opérations cadastrales ne pourront préjuger les questions de propriété ni préjudicier aux droits des particuliers.

Art. 5. Après l'achèvement des travaux d'art, il sera procédé à la classification des terrains. Les experts classificateurs détermineront en combien de classes chaque nature de propriété doit être divisée à raison des divers degrés de fertilité des terrains et de la valeur des produits.

Art. 6. Les réclamations qui concernent les opérations de délimitation et de classification ayant un caractère purement administratif, seront adressées hiérarchiquement aux Agents du Cadastre et seront décidées en dernier ressort par le Ministre des Finances sur l'avis du Directeur-Général.

Art. 7. La minute du plan parcellaire et le registre dans lequel seront inscrits les terrains au moment des opérations cadastrales, seront conservés aux archives du Ministère des Finances; il en sera fait deux copies conformes: la première dressée par la Moudirieh, sera déposée au chef-lieu de chaque Moudirieh et confiée à un employé, responsable de sa conservation; cet employé sera nommé par le Directeur-Général du Cadastre et résidera à la Moudirieh sous les ordres du Moudir; la seconde copie sera générale et restera déposée à la Direction du Cadastre.

Art. 8. Toute personne aura le droit de prendre communication des registres et des plans du Cadastre, soit dans les Moudirieh, soit à la Direction Générale.

Il sera délivré, à tous intéressés qui en feront la demande, copie d'une ou de plusieurs des parcelles cadastrées moyennant le paiement préalable d'un droit qui sera ultérieurement déterminé.

Art. 9. Deux jours au moins avant qu'il soit procédé aux opérations d'arpentage ou classification dans un district ("kisin"), la Direction Générale en préviendra le public par un avis publié au chef-lieu du kisin et dans les principaux "beleds."

Il sera loisible aux propriétaires, fermiers, régisseurs et à tous intéressés d'assister tant aux opérations de l'arpentage qu'à celles de la classification et de présenter leurs observations.

Art. 10. Les Moudirs, Nazirs-el-Kisin, Cheiks el Beleds, Sarrafs, Agents de l'autorité et fonctionnaires de tout ordre et de tout rang seront tenus de fournir aux Agents du Cadastre tous les renseignements qui leur seront demandés et de les aider, chacun dans la limite de ses attributions, dans l'accomplissement de leur mission.

Les Inspecteurs et Agents du Cadastre s'entoureront de tous les renseignements qu'ils pourront recueillir, et entendront toutes les personnes dont les indications pourraient se rattacher utilement aux opérations cadastrales qui leur sont confiées.

Art. 11. Une Commission dont l'organisation et le fonctionnement seront ultérieurement déterminés, par le Ministre des Finances sur la proposition du Directeur-Général, procédera à la révision du classement des terrains.

Les formes et conditions dans lesquelles les intéressés seront avertis des décisions

de la Commission et pourront se pourvoir contre elle, seront ultérieurement déterminées.

Art. 12. Toutes dispositions des codes, lois, et règlements, tous usages, coutumes, et traditions contraires au présent Décret, seront considérés comme nuls et non-avenus.

Notre Ministre des Finances est chargé de l'exécution du présent Décret.

Fait à l'Alexandrie, le 10 Août, 1879.

(Signé) MEHEMED TEWFIK.

Le Président du Conseil des Ministres,

(Signé) CHÉRIF

Les Ministre des Finances,

ISMAÏL PACHA EYOUB.

Décret.

Nous, Khédive d'Egypte,

Sur la proposition de notre Conseil des Ministres ;

Considérant que certains terrains dont l'expropriation a eu lieu soit pour le service des chemins de fer de l'Etat, soit pour l'établissement des routes et chemins, soit pour la construction des canaux de navigation et irrigation, soit pour la construction des digues établies sur les bords du Nil où des canaux sont encore grevés des charges de l'impôt foncier ;

Considérant que ces expropriations faites dans un but d'utilité publique ont eu pour effet de déposséder les propriétaires de leurs droits de propriété et de jouissance ;

Considérant que cette situation a été l'objet de réclamations légitimes et qu'elle est manifestement contraire à l'équité.

Décrétons et promulguons ce qui suit :—

Article 1^{er}. Les terrains expropriés soit pour le service des chemins de fer de l'Etat, soit pour l'établissement des routes et chemins, soit pour la construction des canaux de navigation et irrigation, soit pour la construction des digues établies sur les bords du Nil ou des canaux, seront déterminés au fur et à mesure de leurs opérations par les Agents du Cadastre et exemptés de tout impôt foncier.

Art. 2. Toute culture des terrains ainsi dégrevés est interdite.

Toutefois, les propriétaires riverains pourront être autorisés à établir sur ces terrains certaines cultures avec l'autorisation spéciale du Ministère des Travaux Publics et moyennant une redevance déterminée et payable d'avance.

Art. 3. Toutes dispositions des codes, lois, et règlements, tous usages, coutumes, et traditions contraires au présent Décret, seront considérés comme nuls et non-avenus.

Nos Ministres des Finances et des Travaux Publics seront chargés, chacun en ce qui concerne son Administration, de l'exécution du présent Décret.

Fait à l'Alexandrie, le 10 Août, 1879.

(Signé) MEHEMET TEWFIK.

Le Président du Conseil des Ministres,

(Signé) CHÉRIF.

Le Ministre des Finances,

ISMAÏL PACHA EYOUB.

Le Ministre des Travaux Publics,

MUSTAPHA PACHA FEHMI.

No. 1120.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 467. Political. Confidential.)

My Lord,

Cairo, August 17, 1879.

M. DE MARTINO, the Italian Agent and Consul-General, has informed me that he has received instructions to the effect that the Italian Government agree to the Decree submitted by Messrs. de Rothschild with regard to the non-liability to seizure of the domains which form the guarantee for their loan, on the condition that the

Decree shall not have a retroactive effect, and that the proceeds of the loan shall be devoted to the settlement of the new Consolidated Debt.

I understand from M. Coulon, the agent of Messrs. de Rothschild, that it appears, from information he has received, that all the Powers, with the exception of Austria-Hungary, have expressed their willingness to accept the Decree.

M. Coulon considers it somewhat remarkable that, although some time ago there was reason to believe that the Austro-Hungarian Government would not raise any objection to the Decree, the difficulties that now seem to have arisen should have coincided with the arrival at Vienna of M. Keller, the newly-appointed Egyptian Agent.

M. Keller is known to be on very intimate terms with M. Lapenna, the Vice-President of the Court of Appeal, who is now at Vienna, and is supposed to be opposed to the Decree.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1121.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 469. Political.)

My Lord,

Cairo, August 18, 1879.

I HAVE the honour to report that Chérif Pasha has fallen, and that his colleagues go out of office with him. No new President of the Council will be appointed, as the Khedive intends to preside himself at the Ministerial Councils.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1122.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 470. Political.)

My Lord,

Cairo, August 18, 1879.

I HAVE the honour to report that Ali Fuad Bey, the bearer of the Sultan's Firman of Investiture for the Khedive, left Cairo yesterday on his return to Constantinople.

I understand that the presents usually given on such occasions have been greatly diminished, and that the entire cost of Ali Fuad Bey's mission amounts to 18,000l.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1123.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 472. Political.)

My Lord,

Cairo, August 18, 1879.

M. TRICOU, who returned to Alexandria on the 14th instant, immediately after the reading of the Firman, telegraphed to me yesterday to inform me that he had received a telegram from Paris acceding to his request for six weeks' leave of absence.

M. Tricou will leave Alexandria to-morrow by the French boat for Marseilles, and during his absence M. Monge, the French Consul at Cairo, will take charge of the French Agency and Consulate-General.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1124.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 26.)

(No. 740.)

My Lord,

Therapia, August 18, 1879.

WITH reference to Mr. Lascelles' telegram to your Lordship of the 14th instant, repeated by him to me, informing your Lordship that the Khedive was desirous of postponing his visit to Constantinople to receive his investiture from the Sultan, but that he was anxious, at the same time, that it should be clearly understood that he was acting in this respect in deference to the will of the Powers, I have the honour to state that M. Fournier received one to the same effect from M. Tricou. My French colleague having expressed to me his intention of addressing a note on the subject to the Porte, and having asked me to join with him in doing so, I thought it desirable, although without instructions from your Lordship, to accede to his request in order not to separate myself in any way from him in the Egyptian question. I was, however, of opinion that a verbal communication to Safvet Pasha would have been sufficient, and that a formal representation to the Porte was unnecessary. I thought it, however, better not to accept M. Fournier's suggestion of an identic note, but to confine myself to addressing one to Safvet Pasha in somewhat similar terms to those adopted by my colleague. I beg to inclose copy of my note.

Safvet Pasha received our communications with much regret, and earnestly begged us to withdraw them. His Highness observed that such simultaneous official representations on the part of England and France to the Porte, in connection with the Khedive, were calculated to excite a suspicion that the two Powers were going too far in their interference with the affairs of Egypt, and that the Khedive had placed himself entirely in their hands. This would tend to create difficulties here, which it was very desirable to avoid. It would have been better, his Highness thought, if we had addressed ourselves privately to the Sultan, and represented to His Majesty that our Governments were desirous that the Khedive should defer his coming to Constantinople to receive his investiture until the state of Egypt and the questions pending with the European Powers permitted his absence. His Majesty would have made no difficulty, his Highness believed, in acceding to our request. Or, if we were unwilling to take this step, we might advise the Khedive, through the British and French Agents at Cairo, to apply directly to the Sultan to permit him to postpone his visit, and we could then support his application.

As M. Fournier declined to withdraw his note, I followed the same course. Yesterday I received Mr. Lascelles' telegram informing me that the Khedive had been requested not to come to Constantinople until after the month of Ramazan. M. Fournier and I considered it advisable, in consequence, to act upon Safvet Pasha's suggestion, and we accordingly telegraphed to M. Tricou and Mr. Lascelles that we had addressed a note the previous day to the Porte, requesting that, in deference to the wishes of the Powers, the Khedive might be permitted to postpone his visit to receive investiture, but that, as it appeared that the Khedive had been requested by the Porte not to come to Constantinople till after Ramazan, we were of opinion that, in the event of this delay not being sufficient, the Khedive should address himself to the Sultan, declaring that his most earnest desire was to present himself as soon as possible to his Sovereign, but pointing out, at the same time, the necessity of settling affairs, and taking measures for assuring tranquillity, and of regulating important questions pending with some of the European Powers, before he could leave Egypt.

I have, &c.

(Signed) A. H. LAYARD.

Inclosure in No. 1124.

Sir A. H. Layard to Safvet Pasha.

M. le Ministre,

Therapia, August 16, 1879.

HER Majesty's Government are informed that, although His Highness the Khedive is very desirous of coming to Constantinople without delay in order to receive his investiture from His Imperial Majesty the Sultan, the necessity of taking measures for assuring the tranquillity of Egypt, and for regulating several important questions which are pending between His Highness and some of the foreign Powers, render it

very desirable that he should not for the present be absent from that country. Her Majesty's Government, therefore, hope that His Imperial Majesty the Sultan will permit His Highness to defer his visit to Constantinople, and will, indeed, approve His Highness' desire, which he has very unwillingly expressed, to do so under present circumstances.

I avail, &c.

(Signed) A. H. LAYARD.

No. 1125.

Mr. Adams to the Marquis of Salisbury.—(Received August 26.)

(No. 903. Confidential.)

My Lord,

Paris, August 25, 1879.

WHEN I had read over the Austrian Memorandum containing a scheme for Control in Egypt, which M. Waddington placed in my hands on the 23rd instant, I remarked to his Excellency that a striking proof was now shown of the soundness of your Lordship's view that it was of particular importance to maintain the continuity of the right of England and France to appoint Controllers in Egypt.

M. Waddington admitted the justice of my observations.

I have, &c.

(Signed) F. O. ADAMS.

No. 1126.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 26.)

(No. 124.)

(Telegraphic.)

Cairo, August 25, 1879.

VICEROY sent this morning for my French colleague and me, and after expressing his surprise and regret that the French Government had not thought fit to take into consideration the objections he had urged with regard to return of M. de Blignières, His Highness said that before finally appointing the Controllers-General he wished to be furnished with an official note defining their attributions and functions.

Both M. de Monge and I pointed out that the Controllers should be appointed under the Decree of November 1876, but that they would receive instructions, which would be unofficially communicated to His Highness, to abstain from direct administrative interference.

His Highness persisted in his demand for an official note.

Please send instructions.

M. de Monge has telegraphed in similar terms to Paris Government.

No. 1127.

The Marquis of Salisbury to Mr. Lascelles.

(No. 52.)

(Telegraphic.)

Foreign Office, August 26, 1879, 4 P.M.

YOURS 122.

After consultation with your French colleague, who will have received similar instructions, you should address a note to Egyptian Government, communicating the joint note of English and French Ambassadors to the Porte of the 28th July, with regard to power of the Khedive to conclude Commercial Conventions.

The note forms Inclosure 1 in Sir H. Layard's No. 676, forwarded in my despatch to you No. 226 of 15th instant.

The Marquis of Salisbury to Mr. Lascelles.

(No. 237.)

Sir,

Foreign Office, August 26, 1879.

YOU will have received, as an inclosure in Sir H. Layard's despatch No. 676 of 28th ultimo (forwarded to you in my despatch No. 226 of the 15th instant), the copy of a note addressed by his Excellency and by the French Ambassador to the Turkish Minister for Foreign Affairs in regard to that passage of the Firman of Investiture which deals with the right of the new Khedive to conclude Commercial Conventions.

Her Majesty's Government and that of France think it desirable that this note, which places on record the interpretation to be placed upon the passage in question, should be communicated to the Egyptian Government, and I have accordingly instructed you by telegraph this day to address a note to the Egyptian Minister for Foreign Affairs communicating copy of the note in question.

You should take this step in concert with your French colleague, who will have received similar instructions.

I am, &c.
(Signed) SALISBURY.

No. 1129.

Mr. Adams to the Marquis of Salisbury.—(Received August 27.)

(No. 909. Most Confidential.)

My Lord,

Paris, August 26, 1879.

RIAZ PASHA called upon me yesterday afternoon, and showed me, most confidentially, a French translation of the telegram sent to him by the Khedive, offering him the Presidency of the Council, together with the post of Minister of the Interior, and expressing the hope that he (Riaz Pasha) would give him assistance at this difficult moment, and would leave by the first steamer for Egypt.

Riaz Pasha, who appears to have been at Biarritz at the time, answered, as I understood him, by expressing his thanks to the Khedive, and placing himself at His Highness' disposal, and he said that he intended to leave Paris this evening on his way to Egypt. He begged me to convey to Her Majesty's Government his warmest thanks for the kindly feelings which, as he had learnt, they had evinced towards him upon receiving the news of his appointment.

He also begged me to assure your Lordship of the great importance which he attached to the friendship of England for his country, and he hoped for the moral support of both England and France in the difficult task which the Ministry had before them.

In the same most confidential manner he gave me some account of his interview with M. Waddington on the 23rd instant.

He stated that M. Waddington had said that, as far as he was concerned, he had abandoned that old policy which mainly consisted in exercising undue influence upon every occasion on the Ruler and Government of Egypt, and that what he desired was to work in unison with Her Majesty's Government, without rivalry, for the well-being of that country.

I thanked Riaz Pasha for this information, and ventured to assure him that the feelings and policy of M. Waddington in this matter were entirely in accord with those of your Lordship.

Of Mr. Lascelles Riaz Pasha spoke in the highest terms, and he could not say too much in favour of the straightforward and conciliatory policy of the English Agent.

Of M. Tricou he spoke in a very different manner. Indeed, I may say that he described the proceedings of that Agent in terms which exhibited his policy in the most marked contrast to that which, as I have recorded above, the French Minister for Foreign Affairs had declared his intention to pursue towards Egypt.

I have, &c.
(Signed) F. O. ADAMS.

Mr. Adams to the Marquis of Salisbury.—(Received August 27, 5 P.M.)

(No. 138.)

(Telegraphic.)

Paris, August 27, 1879, 3.15 P.M.

WITH reference to Mr. Lascelles' telegram, repeated in your No. 146, M. de Courcel, to whom M. Waddington referred me in his absence, says that the Viceroy of Egypt promised French Agent on Sunday that the Decree appointing Controllers should be signed and dispatched by Tuesday's boat, but sent for both Agents on Monday to communicate change of determination. Courcel has not received M. Waddington's instructions yet, but expects he will insist on Decree being issued at once, and I should be glad to know your Lordship's determination.

No. 1131.

The Marquis of Salisbury to General Menabrea.

M. l'Ambassadeur,

Foreign Office, August 27, 1879.

I HAVE the honour to acknowledge the receipt of your Excellency's letter of the 24th instant.

I must express my sincere regret that I should have appeared to leave for so long a time the communication addressed to me by your Excellency unanswered. I was under the belief that I had answered it within one or two days of its delivery, in a conversation which I had the honour to have with you at the Foreign Office. In this belief, however, it is evident that my memory must have misled me.

The answer which I intended to have given, and, in effect, imagined I had given to your Excellency, was as follows:—

It appears to Her Majesty's Government that the proposed Decree of the Khedive is one which ought to be approved by the Powers. The object of seeking the approval of the Powers is to withdraw from the Mixed Tribunals the power of pronouncing against the validity of the Decree upon technical grounds.

The Decree is, in the judgment of Her Majesty's Government, an equitable measure, inasmuch as the estates in question were conveyed by the family of the ex-Khedive to the State, exclusively for the purpose of providing a security for the payment of interest upon the Rothschild Loan. It would, therefore, be unjust that they should now, through any technical flaw in the proceedings, be diverted to another purpose.

The expediency of accepting the Decree is not less manifest; for until it has been accepted by the Powers, Messrs. Rothschild will have declined to pay over the balance of the loan, which still remains in their hands.

I have never received information of the circumstance related in the *Pro-Memorid*, that the estates in question were conveyed to the Egyptian Government on the express condition that they were to be employed for the payment of the floating debt. No such condition has ever come to the knowledge of Her Majesty's Government.

In view, however, of the natural anxiety which might be felt that the proceeds of the loan, if paid over in consideration of the proposed Decree, should be prudently applied in discharging the obligations of the Egyptian Government, Her Majesty's Government have proposed the addition of a clause, the text of which has been submitted to the Cabinet of Rome, as well as to the other Powers.

I have, &c.
(Signed) SALISBURY.

No. 1132.

Sir J. Pauncefote to Sir R. Ling.

Sir,

Foreign Office, August 27, 1879.

WITH reference to letters from this Office of the 17th and 24th ultimo, and to your reply of the 25th ultimo, on the subject of a proposed Decree to be issued by the Egyptian Government, with the view of securing the Daira lands, mortgaged as security for Messrs. Rothschild's Loan from seizure on account of other debts, I am

directed by the Marquis of Salisbury to transmit to you herewith the draft of an Article which it is proposed to add to that Decree. The object of the Article is to meet an objection raised by the Austrian Government, who require that there should be some guarantee for the application of the residue of the loan towards the object for which it was contracted.

I am to request that you will lay this paper before the Lords Commissioners of Her Majesty's Treasury, and will request them to inform his Lordship, at their earliest convenience, whether they have any observations to offer upon it.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 1133.

Mr. Adams to the Marquis of Salisbury.—(Received August 28, 5.30 P.M.)

(No. 139.)
(Telegraphic.)

Paris, August 28, 1879, 3.35 P.M.

M. WADDINGTON having written to me to concert measures with M. Courcel, to whom he had sent instructions, respecting the hitch in the appointment of Controllers in Egypt, the latter and I submit following draft as instructions to British and French Agents:—

"The two Governments have learnt with surprise and regret that the Viceroy, after having formally accepted the principle of the re-establishment of the Control as it was defined by explanations given to His Highness on the 7th August in the name of the two Powers, and after having promised on the 24th that the Decree appointing Messrs. de Blignières and Baring Controllers should be signed and dispatched on the 26th, seeks now to withdraw from his positive engagements; you will state to the Viceroy that the two Cabinets are decided to insist upon the immediate fulfilment of those engagements, and you are authorized to repeat to him verbally that the Controllers appointed according to terms of Decree of 1876 will, till further orders, abstain from direct administrative interference."

M. Courcel will submit the draft to M. Waddington, and is anxious to know your Lordship's decision as soon as possible.

No. 1134.

Mr. Macdonell to the Marquis of Salisbury.—(Received August 28, 6 P.M.)

(No. 69.)
(Telegraphic.)

Rome, August 28, 1879.

WITH reference to my telegram No. 68, Count Maffei has requested me to state that the Italian Government have adhered to Austrian proposal embodying the Rothschild amendments. He appears surprised that no communication has been made to this Government, through Count Menabrea or the Embassy, with regard to the said amendments.

No. 1135.

The Marquis of Salisbury to Mr. Lascelles.

(No. 239.)
Sir,

Foreign Office, August 28, 1879.

I HAVE this day addressed to you a telegram requesting you to express to the Khedive a hope that His Highness will hasten as much as possible the formal appointment of the English Controller-General.

You should act in this matter in concert with your French colleague, who has received similar instructions to press for the appointment of the French Controller-General.

I am, &c.
(Signed) SALISBURY.

No. 1136.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 474. Political.)

My Lord,

Cairo, August 19, 1879.

I HAD the honour to inform your Lordship, by my telegram No. 113 of yesterday, that Chérif Pasha had left office, and that all the members of his Cabinet had been changed.

In the afternoon I called upon the Khedive, who told me that a project for a Constitution had been submitted to him by the late Cabinet, of which he disapproved as being inapplicable to the country. The Ministry had in consequence resigned, and His Highness had accepted their resignation. His Highness then communicated to me the composition of the new Cabinet, of which he retains the Presidency to himself.

The Khedive went on to say that he was aware that it would be said that his action was an attempt to return to the old system of personal government. He could assure me that he had no wish to do so, but that at present liberal institutions and popular representation were utterly unsuited to the country, and the Constitution which had been submitted to him was nothing more than a "décor de théâtre." He hoped that in time the country would become fitted for Parliamentary institutions, and therefore he proposed to make no change with regard to the Chamber of Delegates, which might eventually become a really representative body. He would also consider whether it would be advisable or not to establish a Council of State. He fully understood the responsibility he assumed by undertaking the Presidency of the Council of Ministers, but there was a great deal of important work to be done which, during the tenure of office of the late Cabinet, had been neglected, and His Highness, who was himself responsible for the government of the country, had determined to take his share of the labour, and not to shelter himself behind an unreal and illusory Constitution.

I have been informed that the Khedive, in speaking of the change of Ministers, said that, considering the state into which the country had been brought, it had become absolutely necessary for him to assert his authority in order to save the country from drifting into anarchy.

On leaving the Khedive I called upon Chérif Pasha, who said that, although he was personally glad to be relieved from his duties, as, in consequence of the obstacles which had been put in his way, his position had become most difficult, as an Egyptian he regretted the return to personal power. There were many persons, both in and outside of the Palace, who would be glad, for their own ends, to see the absolute power of the Khedive re-established, but it was a real misfortune for the country if it should again fall under the rule of an absolute Sovereign.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1137.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 475. Political.)

My Lord,

Cairo, August 26, 1879.

I HAVE the honour to inclose a copy of the Circular addressed by Moustapha Pasha Fehmy to the foreign Representatives in Egypt, to announce his appointment as Egyptian Minister for Foreign Affairs.

I have also the honour to inclose a copy of the reply which I have addressed to his Excellency.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1137.

Circulaire.

M. le Consul-Général,

Caire, le 18 Août, 1879.

J'AI l'honneur de porter à votre connaissance que Son Altesse le Khédive, mon auguste Maître, a daigné me nommer son Ministre des Affaires Etrangères.

En prenant possession de ce poste, M. le Consul-Général, je n'ai qu'un désir, celui de répondre à la confiance que veut bien me témoigner Son Altesse et de maintenir les meilleures relations avec votre Consulat-Général.

Je me plais à compter sur votre bienveillant concours pour atteindre ce but, et je vous prie d'agréer, &c.

Le Ministre des Affaires Etrangères,
(Signé) MOUSTAPHA FEHMY.

Inclosure 2 in No. 1137.

Mr. Lascelles to Moustapha Pasha Fehmy.

M. le Ministre,

Cairo, August 20, 1879.

I HASTEN to acknowledge the receipt of the note which your Excellency did me the honour to address to me on the 18th instant, to inform me that His Highness the Khedive had been pleased to appoint you to be his Minister for Foreign Affairs.

In expressing the pleasure which I shall have in entering into official relations with your Excellency, I beg to assure you that I shall use every effort to maintain the good relations which so happily exist between the two Governments.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1138.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 478. Political.)

My Lord,

Cairo, August 21, 1879.

I HAD an audience of the Khedive to-day, at which His Highness informed me that he had telegraphed to Riaz Pasha, inviting him to come back without delay and offering him the post of Minister of the Interior, which was held provisionally by Mansour Pasha, His Highness' brother-in-law.

The Khedive expects Riaz Pasha to be here on Friday next, the 29th instant. He dwelt on the difficulty of the task on which he had engaged, and, appreciating the advantages which he and the country would derive from the advice and assistance of the Controllers-General, he requested me to ask that they might be sent out as soon as possible, as he was anxious to begin the work at once. He spoke in similar terms of the Commission of Liquidation, whose arrival, he hoped, would not be long delayed. When I asked His Highness whether he had reflected on the question of Mr. Fitzgerald's reappointment, he said that he had not lost sight of it, but that as Riaz Pasha was now coming back he begged me to wait for a definitive answer until his Excellency's arrival.

On taking leave of His Highness, I expressed to him my conviction that an excellent effect would be produced in England by His Highness' determination to reappoint Riaz Pasha.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1139.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 480. Political.)

My Lord,

Cairo, August 21, 1879.

I HAVE the honour to report, with reference to my telegram No. 111, that the Khedive has finally decided that the Commission of Inquiry into the Custom-house administration shall be composed of Englishmen and Egyptians only. His Highness has appointed M. Caillard, the Director-General of the Egyptian Post, in the place of M. Vacher, and Moustapha Pasha Arab as the third Egyptian member of the Commission. His Highness told me that he had taken this decision because the inquiry into the Customs administration affected two Englishmen.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1140.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 482. Political.)

My Lord,

Cairo, August 21, 1879.

WITH reference to my telegram of yesterday, I have again telegraphed to Her Majesty's Ambassador at Constantinople that the Khedive foresees the impossibility of affairs here being sufficiently settled in a month's time so as to enable him to leave the country and proceed to Constantinople. He says he is sincerely desirous of paying homage to the Sultan, and fears that if he himself were to suggest the postponement of his visit it might produce a bad effect at Constantinople. He would, therefore, feel grateful if the English and French Ambassadors could explain the matter to the Sultan, and obtain a further postponement from His Majesty.

The above information has been telegraphed to the French Ambassador by the Acting French Consul-General here.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1141.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 483. Political.)

My Lord,

Cairo, August 21, 1879.

MOUSTAPHA PASHA FEHMY, the new Egyptian Minister for Foreign Affairs, called upon me yesterday afternoon to announce his appointment.

In speaking of the change of Ministry that had just taken place, his Excellency said that the degree of responsibility attaching to the new Ministry had not yet been settled. Were the Ministers to be jointly responsible for the advice which they gave to the Khedive, or was each Minister to be supreme in his own Department, and responsible only to the Khedive? These were questions about which the Khedive had not yet expressed his intentions. His Highness had decided that Cabinet Councils should be held three times a-week, and he hoped and believed that His Highness would be guided by the advice of his Ministers. He should look upon a return to the old system of personal government as a misfortune for the country.

His Excellency then went on to say that he fully admitted the necessity of European assistance in the Administration, and he, therefore, hoped that as little delay as possible would take place in the re-establishment of the Control, which he looked upon as essential for the country. He also hoped that the Commission of Liquidation would soon be appointed, as there could be little hope of any serious improvement being effected until a settlement of the financial question had been made.

The country, his Excellency said, was not difficult to govern, but it was necessary

that the administration should be conducted on principles of justice. The difficulty in collecting the taxes arose from the fact that up till now the taxpayer had frequently been called upon to pay sums far in excess of what was due from him. It was, therefore, absolutely necessary that the amount of taxation should be fixed, and that each taxpayer should know how much he had to pay. It was also necessary that the taxpayer should have some means, which did not exist at present, of appealing against any demands that might be made for more than the proper amount of taxation. It would, no doubt, take some time before the fellahs would recover from the distrust which was caused by the oppression to which they had been subjected, but he believed that, when it was once clearly understood that they would not be called upon to pay more than what was legally due, they would pay their taxes punctually and without compulsion.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1142.

Mr. Lascelles to the Marquis of Salisbury.—(Received August 29.)

(No. 484. Political.)

My Lord,

Cairo, August 21, 1879.

IN a conversation which I had this morning with the Khedive, His Highness read to me a paper which he had drawn up for the guidance of the Council of Ministers.

There were two days in the week on which Cabinet Councils were to be held, under the Presidency of the Khedive, namely, Thursdays and Saturdays. Each Minister was to prepare beforehand the notes of the subjects which he wished to bring to the notice of the Council. The matter should then be fully discussed. A *procès-verbal* of the proceedings should be drawn up, a copy of which would be communicated to each Minister, who would be responsible for the execution of the decisions of the Council in matters which concerned his particular Department.

His Highness fully understood the responsibility he had assumed in reserving to himself the Presidency of the Council, but he was anxious to avoid making continual changes in the Ministry, and at present there was nobody to whom he could have offered it who would have been capable of occupying the post permanently. If later he should be able to secure the services of any one fitted for the Presidency, His Highness would be able to give up the post himself without making any further change in the Cabinet.

His Highness then told me that he had appointed Mansour Pasha, his brother-in-law, to be Minister of the Interior *ad interim*, as it was necessary to fill up the post at once. This appointment, however, was merely provisional, and His Highness hoped to be able to offer it very shortly to Riaz Pasha, to whom he had telegraphed to request him to return to Egypt at once.

His Highness said that he had made an appeal to Riaz Pasha's patriotism to assist his country in the difficult crisis through which it was passing, and he could not doubt that Riaz Pasha would comply with His Highness' request and return to Egypt by the next opportunity; and he might, therefore, be expected to arrive by the Brindisi mail on the 29th instant. His Highness begged me to consider what he had told me about the appointment of Riaz Pasha as strictly confidential, as he had not yet made his intention of recalling him public.

His Highness then went on to say that it was his earnest desire to set to work for the good of the country, and that, as he anticipated great assistance from the advice of the Controllers-General, he hoped that they might be appointed without delay. He also hoped that it would not be long before the Commission of Liquidation assembled.

I told His Highness that I would at once telegraph to your Lordship his request for the appointment of the Controllers-General, and that I was convinced that an excellent impression would be produced in England by the return of Riaz Pasha to Egypt, which would be taken as an indication of His Highness' desire to surround himself by honest advisers.

Before leaving the Khedive I asked His Highness whether he had again reflected upon the advisability of the reappointment of Mr. Fitzgerald, and His Highness

replied that he would beg me to wait for a definitive answer until the arrival of Riaz Pasha, whom he was anxious to consult upon the subject.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1143.

Mr. Adams to the Marquis of Salisbury.—(Received August 30.)

(No. 913.)

My Lord,

Paris, August 27, 1879.

I CALLED to-day at the French Foreign Office and saw M. de Courcel, to whom M. Waddington had referred me in the absence of himself and M. Duprez, and who informed me that M. de Monge, the French Agent at Cairo, had telegraphed to his Government that the Khedive had promised him, on the 24th instant, that the Decree appointing Major Baring and M. de Blignières Controllers-General should be signed and dispatched to Paris by the boat of the 26th instant.

M. de Courcel read me another telegram from M. de Monge of the 25th instant, which was identical with that addressed by Mr. Lascelles to your Lordship, and repeated to me in your telegram No. 146 of yesterday, and which announced that the Khedive had sent for the two Agents on the 25th, and stated that, before signing the Decree, he must be furnished with an official note defining the attributions and functions of the Controllers-General.

M. de Courcel told me that he had not yet received M. Waddington's instructions with reference to this action of the Khedive, but that he was inclined to believe that the French Government would insist strongly upon the Khedive's signing the Decree at once, and he asked me if I knew what Her Majesty's Government proposed doing.

I replied that I was not in a position to inform him, but that I would telegraph to your Lordship with a view of learning your determination.

I have, &c.
(Signed) F. O. ADAMS.

No. 1144.

Mr. Adams to the Marquis of Salisbury.—(Received August 29.)

(No. 915.)

My Lord,

Paris, August 28, 1879.

WITH reference to my despatch No. 871 of the 17th instant, I have the honour to forward herewith a copy of the answer which I have this day received from M. Waddington to your Lordship's despatch No. 1072 of the 15th instant, on the subject of the functions of the proposed Commission of Liquidation in Egypt.

After entering into various details in explanation of the views of the French Government, his Excellency concludes by saying that he is disposed to share your Lordship's opinion that the information collected by the two Controllers, and the preliminary inquiries to which they should devote themselves as soon as they have entered on their functions, will contribute in a great measure to facilitate the solution of the difficulties which at present engross the attention of the two Governments. His Excellency therefore considers this a sufficient reason for putting pressure on the Khedive, with the view of obtaining the immediate official appointment of M. de Blignières and Mr. Baring.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 1144.

M. Waddington to Mr. Adams.

M. le Ministre.

Paris, le 26 Août, 1879.

VOUS avez bien voulu, en me communiquant une copie de la dépêche de Lord Salisbury du 15 de ce mois, me faire connaître l'impression de votre Gouvernement, touchant les observations que j'avais communiquées à Lord Lyons au sujet de la

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Commission de Liquidation projetée pour l'Égypte. D'après ce qu'écrit Lord Salisbury je crains que le Gouvernement de la Reine n'ait conçu de notre manière de voir une opinion un peu erronée, et je considère comme indispensable de vous fournir à cet égard quelques éclaircissements nouveaux.

Je m'étais appliqué à faire ressortir aux yeux de M. l'Ambassadeur d'Angleterre l'importance qu'il y aurait à ne pas faire entièrement abstraction du travail si considérable accompli déjà par la Commission d'Enquête, travail qui avait porté principalement sur la Dette Consolidée. Mais il était loin de ma pensée que les réserves élevées en faveur de cette dette, qui forme le bloc essentiel des obligations incombant à l'Égypte, fussent avoir pour but d'absorber à son profit exclusif les ressources disponibles de manière à priver de tout recours utiles les créanciers de la dette flottante.

Suivant notre manière de voir, la Dette Consolidée ayant été vérifiée par la Commission d'Enquête, le soin le plus pressant qui s'impose actuellement à quiconque désire remettre de l'ordre dans les finances de l'Égypte, c'est de soumettre à un travail semblable de vérification et de liquidation les créances multiples comprises sous la rubrique générale de la dette flottante. Un grand nombre de ces créances ont assurément besoin d'être contrôlées; quelques-unes pourront être réduites dans des proportions plus ou moins notables, et c'est ainsi seulement que le montant effectif de la dette flottante pourra être enfin reconnu et arrêté. Quant aux moyens d'y faire face, non-seulement nous n'entendons pas contester qu'il convienne d'appliquer à cette dette, pour une part proportionnelle, les ressources générales de l'Égypte, mais nous avons consenti d'avance à ce que la totalité des fonds provenant de l'Emprunt Rothschild y fût affectée.

D'après des calculs qui paraissent mériter confiance les versements à recevoir par l'Égypte sur cet emprunt permettraient de distribuer aux créanciers de la dette flottante environ 55 pour cent de ce qui leur est dû. Nous n'aurions, d'ailleurs, pas d'objections à ce que les versements dont il s'agit fussent opérés sous le contrôle des Commissaires de la Dette Publique, et dans les Caisses dont ils ont la surveillance. Cette combinaison, à laquelle, si j'ai bien compris vos indications, le Gouvernement Anglais donnerait aussi son assentiment, garantirait d'une manière absolue l'emploi des sommes fournies par MM. Rothschild.

Après que les créanciers de la dette flottante auraient été assurés de cette façon de recevoir par privilège le paiement de 55 pour cent de leur créance, il nous paraît que la mesure la plus équitable à prendre pour la liquidation des 45 pour cent restant, serait de consolider ce reliquat, de le confondre avec le reste de la Dette Publique de l'Égypte, et de l'admettre à un traitement absolument semblable à celui qui sera réservé à la dette anciennement consolidée, dont la Commission d'Enquête s'est occupée.

Telle est la marche que nous croirons la plus naturelle pour les travaux de la Commission projetée de Liquidation; tel est le sens dans lequel nous avons entendu demander qu'il fût tenu compte du travail déjà fait par la Commission d'Enquête sur la Dette Consolidée. Ce qui nous semble inadmissible c'est qu'au moyen d'une liquidation générale où toutes les dettes seraient comprises, on prétende, sans tenir compte des conclusions de la Commission d'Enquête, adjuger par préférence aux créanciers de la dette flottante, non-seulement les fonds de l'Emprunt Rothschild, mais des sommes prélevées au détriment des créanciers anciens sur les ressources générales du pays.

Le Gouvernement de la Reine paraît, au surplus, disposé à entrer dans l'ordre d'idées que je viens d'indiquer puisqu'il pense que le Rapport de la Commission d'Enquête pourrait être communiqué à la future Commission de Liquidation, avec avis d'avoir à en tenir compte dans ses travaux. Lord Salisbury ajoutait, en terminant sa dépêche du 15 Août, qu'il serait possible de différer la constitution même de la Commission de Liquidation jusqu'à après le moment où les Contrôleurs désignés par nos deux Gouvernements se trouveraient en mesure de nous fournir sur l'ensemble de la situation financière de l'Égypte une opinion pleinement autorisée. Nous sommes disposés à penser, comme le Cabinet de Londres, que les informations recueillies par les deux Contrôleurs, et les études préparatoires auxquelles ils devront se livrer aussitôt après leur entrée en fonctions, seront de nature à faciliter beaucoup la solution des difficultés qui nous occupent. C'est une raison pour nous de croire qu'il y a lieu pour les deux Gouvernements d'insister avec force auprès du Vice-Roi d'Égypte, afin d'obtenir que la nomination officielle de MM. de Blignières et Baring ait lieu immédiatement.

Agréez, &c.
(Signé) WADDINGTON.

No. 1145.

Mr. Adams to the Marquis of Salisbury.—(Received August 30.)

(No. 917.)

My Lord,

Paris, August 28, 1879.

I RECEIVED a note this morning from M. Waddington, who is at Deauville, stating, with reference to the hitch at Cairo in respect to the appointment of Major Baring and M. de Blignières as Controllers, that it would be necessary for the two Governments to renew and confirm their instructions to their Agents in Egypt, and requesting me to see the Baron de Courcel, to whom he had sent instructions, and to concert matters with him.

I accordingly saw M. de Courcel this afternoon, and at his request I joined him in drawing up a draft of proposed instructions to the English and French Agents, to be submitted to your Lordship and M. Waddington for approval or alteration.

I have telegraphed its terms to your Lordship.

It states that the two Governments have learnt with surprise and regret that the Khedive, after having accepted formally the principle of the re-establishment of the Control as it was defined by the explanations given in the name of the two Powers to His Highness on the 7th instant, and after having promised on the 24th instant that the Decree nominating Messrs. de Blignières and Baring as Controllers should be signed and dispatched on the 26th instant, now seeks to withdraw from his positive engagements.

It goes on to instruct the English and French Agents to inform the Khedive that the two Cabinets are decided to insist upon the immediate fulfilment of those engagements, and it authorizes them to repeat verbally to His Highness that these Controllers, appointed according to the terms of the Decree of November 1876, would, till further order, abstain from any direct administrative interference.

M. de Courcel said that he should at once submit this draft to M. Waddington by telegraph, and he was anxious to learn your Lordship's decision in the matter as soon as you could give it.

I have, &c.
(Signed) F. O. ADAMS.

No. 1146.

Mr. Adams to the Marquis of Salisbury.—(Received August 30.)

(No. 918. Most Confidential.)

My Lord,

Paris, August 28, 1879.

IN Mr. Lascelles' telegram No. 123 of the 24th instant, a copy of which was inclosed to me in your Lordship's despatch No. 1109, Secret, of the 27th instant, it is stated that nothing was then settled with reference to the appointment of Riaz Pasha, as the Khedive was anxious to consult his Excellency before deciding upon the post to be offered to him.

In the telegram from the Khedive to Riaz Pasha, a translation of which his Excellency showed to me, as reported in my despatch No. 909, Most Confidential, of the 26th instant, it was certainly stated that the Presidency of the Council, together with the post of Minister of the Interior, was offered to him.

But as the answer of Riaz Pasha seems not to amount to an absolute acceptance, it may be that, after his Excellency has arrived in Egypt, and placed himself at the Khedive's disposal, a different arrangement will be made.

I have, &c.
(Signed) F. O. ADAMS.

No. 1147.

The Marquis of Salisbury to Mr. Macdonell.

(No. 54.)

(Telegraphic.)

Foreign Office, August 30, 1879, 5 P.M.

YOURS No. 69.

What does Count Maffei mean? The Rothschild amendment was telegraphed by me to Sir A. Paget on the 21st, and Count Maffei accepted it on the 22nd.

No. 1148.

The Marquis of Salisbury to Mr. Adams.(No. 147.)
(Telegraphic.)*Dieppe, August 30, 1879.*

ON account of weather, your telegram reached me only last night.
I think that it is desirable to insist more upon our diplomatic rights under general engagements than your telegram has done.
Would French Minister for Foreign Affairs concur in draft generally if of the following tenour?

Send reply by telegram or messenger.

"Her Majesty's Government hear with regret and surprise that the Khedive of Egypt hesitates to nominate an English Controller under the Decree of November 1876.

"The Egyptian Foreign Minister gave a pledge, in the note of the 31st March, that the Control should revive *ipso facto* in case of the dismissal of the European Ministers.

"This is a diplomatic engagement from which the Khedive of Egypt cannot possibly recede. Romaine's office being vacant by his resignation, the Khedive of Egypt must proceed to a new nomination, under Articles 14 and 15 of that Decree.

"Her Majesty's Government must insist on the immediate issue of a Decree nominating the Controller in accordance with these engagements.

"You should concert representation to the above effect with your French colleague, who has received similar instructions."

No. 1149.

The Marquis of Salisbury to Mr. Macdonell.(No. 447.)
Sir,*Foreign Office, August 30, 1879.*

WITH reference to your telegram No. 69 of the 28th instant, I cannot understand what Count Maffei means by expressing his surprise that no communication has been made to the Italian Government with regard to the Rothschild amendment.

It was telegraphed by me to Sir A. Paget on the 21st instant, and accepted by Count Maffei on the 22nd.

I am, &c.
(Signed) SALISBURY.

No. 1150.

The Marquis of Salisbury to Mr. Adams.(No. 1125.)
Sir,*Foreign Office, August 30, 1879.*

YOUR telegram No. 139 of the 28th instant did not reach me until last night on account of bad weather.

I have now to state to you that I am of opinion that the instructions to the British and French Agents in Egypt with regard to the nomination of Controllers should insist more upon our diplomatic rights under general engagements than is done in the draft summarized in your telegram; and I have to request you to ascertain, and report to me by telegraph or messenger, whether the French Minister for Foreign Affairs would concur generally in a draft of the following tenour:—

"Her Majesty's Government have learnt, with regret and surprise, that the Khedive of Egypt hesitates to nominate an English Controller under the Decree of November 1876. The Egyptian Minister for Foreign Affairs gave a pledge in the note of the 31st March that the Control should revive *ipso facto* in case of the dismissal of the European Ministers. This is a diplomatic engagement from which the Khedive of Egypt cannot possibly recede. Mr. Romaine's office being vacant by his resignation, the Khedive of Egypt must proceed to a new nomination under Articles 14 and 15 of that Decree. Her Majesty's Government must insist on the immediate issue of

a Decree nominating the Controller in accordance with these engagements.

"You should concert representation to the above effect with your French colleague, who has received similar instructions."

I am, &c.
(Signed) SALISBURY.

No. 1151.

The Marquis of Salisbury to Mr. Adams.

(No. 149.)

(Telegraphic.)

Dieppe, August 31, 1879.

I ACCEPT additions suggested by French Minister for Foreign Affairs.

Please telegraph to Lascelles exact text of instructions agreed upon.

I will request him to act on them.

No. 1152.

The Marquis of Salisbury to Mr. Lascelles.

(Telegraphic.)

Dieppe, August 31, 1879, 10 A.M.

WITH respect to appointment of Controllers, French Minister for Foreign Affairs and I have agreed on similar instructions, which Mr. Adams will telegraph to you in order to save time. Please act on them.

No. 1153.

The Marquis of Salisbury to Mr. Adams.

(No. 1127.)

Sir,

Foreign Office, August 31, 1879.

WITH reference to your telegram No. 140 of yesterday's date, I have to state to you that I accept the additions suggested by the French Minister for Foreign Affairs in the draft instructions to the British and French Agents in Egypt with regard to the revival of the Control.

I should wish you to telegraph to Mr. Lascelles the exact text of the instructions as now agreed upon, and I will instruct him to act upon them.

I am, &c.
(Signed) SALISBURY.

No. 1154.

The Marquis of Salisbury to Mr. Lascelles.

(No. 245.)

Sir,

Foreign Office, August 31, 1879.

I HAVE been in communication with the French Minister for Foreign Affairs as to the instructions to be given to you and your French colleague with regard to the delay which is taking place in the appointment of English and French Controllers under the Decree of November 1876.

It has been agreed that similar representations shall be made on behalf of the two Governments, and you will this day have received from Her Majesty's Minister at Paris a statement of the substance of the communication which you should make. I have myself requested you, by telegraph, to act in accordance with the message received from Mr. Adams.

You will state to the Khedive that Her Majesty's Government learn with surprise and regret that the Khedive hesitates to appoint an English Controller under the Decree referred to, considering that in a note dated the 31st March last the then Egyptian Foreign Minister gave you a pledge that the Control should revive *ipso facto* in case the European Ministers were dismissed. This constitutes a diplomatic engagement from which the Khedive cannot possibly recede, and Mr. Romaine's office having

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become vacant by his resignation, His Highness is bound to proceed to a fresh nomination under Articles 14 and 15 of the Decree. You should add that Her Majesty's Government must therefore insist on the immediate issue of a Decree nominating the Controller in accordance with these engagements.

You should settle the exact terms of your representation with M. Monge, whose instructions are to the same effect.

You have further been authorized to declare verbally to the Khedive, but not in an official note, that, until further order, the Controllers will abstain from all direct interference in the administration of the country.

I am, &c.
(Signed) SALISBURY.

No. 1155.

Sir A. H. Layard to the Marquis of Salisbury.—(Received September 2.)

(No. 745.)

My Lord,

Therapia, August 20, 1879.

M. FOURNIER having consented to withdraw the note to Safvet Pasha relating to the postponement of the visit of the Khedive to Constantinople to receive his investiture from the Sultan, I have also withdrawn my note on this subject, a copy of which was inclosed in my despatch to your Lordship No. 740 of the 18th instant.

I have, &c.
(Signed) A. H. LAYARD.

No. 1156.

Mr. Adams to the Marquis of Salisbury.—(Received September 2.)

(No. 921.)

My Lord,

Paris, August 30, 1879.

AS soon as I was able to see M. Waddington to-day after the receipt of your Lordship's telegram of this morning respecting the appointment of Controllers in Egypt, I informed his Excellency that you considered it desirable that the two Governments should insist more with the Viceroy upon their diplomatic rights and general engagements than was stated in my telegram of the 28th instant, the substance of which is contained in my despatch No. 917 of that day.

I then read to his Excellency the wording which you desired to substitute, and he at once agreed to it, but said that he wished to add a sentence which appeared in the original draft, and which authorizes the two Agents at Cairo to declare verbally to the Viceroy, but not in an official note, that, until further order, the two Controllers shall abstain from any direct administrative interference.

M. Waddington hopes that your Lordship will agree to this addition, and that you will send your answer to me by telegraph.

He is anxious to be able to telegraph his instructions in this matter to M. Monge without delay, and he informed me that he intended to leave Paris for Deauville to-morrow at 1 o'clock.

I have accordingly telegraphed to your Lordship to Dieppe.

I shall see his Excellency this evening.

I have, &c.
(Signed) F. O. ADAMS.

No. 1157.

Mr. Adams to the Marquis of Salisbury.—(Received September 2.)

(No. 923.)

My Lord,

Paris, August 31, 1879.

IN accordance with the instructions telegraphed to me by your Lordship from Dieppe, I addressed to Mr. Lascelles, at 2 P.M. to-day, a telegram in cypher in the following words:—

"Lord Salisbury requests me to telegraph to you following instruction, which

has been agreed upon between his Lordship and French Minister for Foreign Affairs:

"Her Majesty's Government hear with regret and surprise that the Viceroy of Egypt hesitates to nominate English Controller under Decree of November 1876. Egyptian Foreign Minister gave pledge in a note to you of the 31st March that the Control should revive *ipso facto* in case of dismissal of European Ministers. This is a diplomatic engagement from which Viceroy of Egypt cannot possibly recede. Romaine's office being vacant by his resignation, Viceroy of Egypt must proceed to a new nomination under Articles 14 and 15 of that Decree. Her Majesty's Government must insist on the immediate issue of a Decree nominating the Controller in accordance with these engagements. You should concert representation to this effect with your French colleague, who has received similar instructions.

"You are also authorized to declare verbally to the Viceroy of Egypt, but not in an official note, that the Controllers will abstain till further order from all direct administrative interference."

"His Lordship will instruct you to act on above."

I have, &c.
(Signed) F. O. ADAMS.

No. 1158.

Mr. Adams to the Marquis of Salisbury.—(Received September 2.)

(No. 924.)

My Lord,

Paris, August 31, 1879.

YOUR Lordship's telegram of this morning, informing me that you accepted the addition proposed by M. Waddington to the instructions to be given to the English and French Agents in Egypt respecting the nomination of the two Controllers, was brought to me when I was with his Excellency at the French Foreign Office, and I there communicated its contents to him.

M. Waddington said that he would at once send to M. Monge, by telegraph, the instructions as now agreed upon; and on my return to the Embassy I telegraphed to Mr. Lascelles the exact text of these instructions, in accordance with the direction in your Lordship's telegram of this morning.

The instructions are made up of the wording suggested by your Lordship in your telegram to me of yesterday morning, with the addition of the paragraph suggested by M. Waddington, as contained in my telegram No. 140 of 4 P.M. yesterday to Dieppe.

Mr. Lascelles is thereby instructed to state to the Viceroy of Egypt that Her Majesty's Government hear with surprise and regret that His Highness hesitates to appoint an English Controller under the Decree of November 1876; that on the 31st March the then Egyptian Foreign Minister gave to Mr. Lascelles a pledge in a note that the Control should revive *ipso facto* in case the European Ministers were dismissed; that this is a diplomatic engagement from which the Khedive cannot possibly recede; that, Mr. Romaine's office having become vacant by his resignation, His Highness must proceed to a new nomination under Articles 14 and 15 of the Decree of November 1876; that Her Majesty's Government must insist upon the immediate issue of a Decree appointing the Controller in accordance with these engagements. Mr. Lascelles is further instructed to concert a representation to this effect with M. Monge, who will have received similar instructions; and he is also authorized to declare to the Viceroy verbally, but not in an official note, that the Controllers are to abstain, until further order, from any direct administrative interference.

I also informed Mr. Lascelles in my telegram that your Lordship would direct him to act upon the instructions in question.

I have, &c.
(Signed) F. O. ADAMS.

No. 1159.

Count Montgelas to the Marquis of Salisbury.—(Received September 2.)

(Confidential.)

Dear Lord Salisbury,

Belgrave Square, August 30, 1879.

COUNT ANDRASSY informs me that, besides the suggestion you made verbally to me in respect of the Rothschild Decree, and the Caisse de la Dette Publique, a proposal has been made to him, in the name of the London house of Rothschild, by their Vienna house, and that a further proposal has been since made to him through Sir H. Elliot in the name of Her Majesty's Government.

The proposal of Messrs. Rothschild is to the effect that a Convention between the Powers, the Egyptian Government, and the Rothschilds, should be concluded, laying down that the proceeds of the Rothschild Loan shall be paid over to the Public Debt Commissioners of Egypt; the object, as stated by Messrs. Rothschild, being that the surplus of the loan, after payment of their own advances, and after payment of those creditors whose claims have been hypothecated prior to the 2nd (3rd) February last, should be exclusively devoted to the payment of the floating debt creditors.

We have communicated with the German and Italian Governments on the subject. The Berlin Cabinet are prepared to accede, together with us, to the proposed Convention as soon as it shall be presented for our acceptance by the Egyptian Government. The Italian Government have declared their willingness in principle, but have reserved their definitive decision until they are in possession of the text of the Convention.

Since then Sir H. Elliot has made a further proposition to Count Andrassy to the effect that a clause should be added to the Convention, stating that, till the time when the Commission of Liquidation proposed by us shall have come into existence, the management of the proceeds of the Rothschild Loan shall be put under the supervision of the Powers, to be exercised through their Agents in Egypt.

We have informed the Vienna house of Rothschild, for communication to their London house, that it must be their business to see that the Convention proposed by them should be presented to us by the Vice-Royal Government in the form suggested by the British Government. We should in that case, especially in view of the urgency of the case, accept the Convention in that form, although we still could not look upon the legal points, to which I referred in my interview with you on the 6th, and in my letter of the 17th of this month, as hereby completely and satisfactorily safeguarded. We could, however, only do so under the above-mentioned condition, that the claims hypothecated before the 2nd (3rd) February last should be paid in full.

Believe me, &c.

(Signed) R. MONTGELAS.

No. 1160.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 2.)

(No. 127.)

(Telegraphic.)

Cairo, September 1, 1879, 6.5 P.M.

IN conformity with request of Viceroy, I have addressed an official note to Minister for Foreign Affairs, referring to the note of 31st March, and requesting him to ask His Highness to proceed at once to the promulgation of a Decree appointing Mr. Baring as Romaine's successor, under the Decree of November 1876.

M. Monge has addressed a similar note with regard to French Controller-General.

Viceroy has promised to issue Decree immediately upon the receipt of our notes, which we have sent in this afternoon.

No. 1161.

Mr. Adams to the Marquis of Salisbury (Dieppe).—(Received at the Foreign Office, September 2.)

(No. 140.)

(Telegraphic.)

Paris, August 30, 1879, 4 P.M.

M. WADDINGTON accepts wording in your telegram of this morning, but wishes to add following sentence:—

"You are also authorized to declare verbally to the Viceroy of Egypt, but not in an official note, that the Controllers will abstain, till further order, from all direct administrative interference."

M. Waddington hopes your Lordship will accept this addition, and telegraph your answer to me.

He is anxious to telegraph instructions to French Agent without delay, and leaves Paris at 1 to-morrow.

I shall see his Excellency this evening.

No. 1162.

The Marquis of Salisbury to Count Montgelas.

M. le Comte,

Foreign Office, September 2, 1879.

I HAVE the honour to acknowledge the receipt of the note which you addressed to me on the 30th ultimo, on the subject of the securities for the proper employment by the Egyptian Government of the proceeds of the Rothschild Loan.

I have, &c.

(Signed) SALISBURY.

No. 1163.

Mr. Adams to the Marquis of Salisbury.—(Received September 3, 6 P.M.)

(No. 141. Most Confidential.)

(Telegraphic.)

Paris, September 3, 1879, 4 P.M.

WITH reference to the Rothschild Loan Decree, Austrian Chargé d'Affaires has informed M. Waddington that his Government insist upon all creditors registered previous to February the 3rd being paid in full out of the loan.

M. Waddington says he was taken aback, and is much embarrassed by this communication; that these creditors have a legal claim, founded on a judgment of the mixed Tribunal Court, but that payment of their claims in full, amounting to about 34,000,000 fr., does not seem equitable in regard to other creditors. He is anxious to learn opinion of Her Majesty's Government, especially as creditors may foreclose by the middle of the month. He believes most of these creditors are Austrian and German, and that German Government will back up Austrian demand.

No. 1164.

Sir H. Elliot to the Marquis of Salisbury.—(Received September 4.)

(No. 141.)

(Telegraphic.)

Vienna, September 3, 1879.

ROTHSCHILD has requested Austrian Government to invite your Lordship to arrange with Viceroy of Egypt Decree or Convention respecting loan.

Calice suggested to Rothschilds that they should themselves make this application direct to you; but he tells me, confidentially, that for some reason which he does not understand, they wish it to be made through the Austrian Government.

He has therefore asked me to communicate Rothschilds' wish to your Lordship, and to repeat that the Austrian Government have no objection to Decree or Convention which shall provide that the amount of loan shall be placed in Caisse of the Public Debt, to be applied to its original purpose under the control of either Commission to be formed, or of the Consuls-General, and upon the condition of all mortgages of date prior to the 3rd February being paid in full.

Rothschild has stated here that the payment of these claims in full is intended, but the reports of the Austrian Chargé d'Affaires at Paris are not so explicit on the point, which is *sine quâ non* condition of Austrian consent to Decree.

No. 1165.

Mr. Macdonell to the Marquis of Salisbury.—(Received September 4.)(No. 71.)
(Telegraphic.)

Rome, September 3, 1879.

WITH reference to your telegram No. 54, I forward explanation by messenger of what Count Maffei meant, as reported in my telegram No. 69.

No. 1166.

Mr. Adams to the Marquis of Salisbury.—(Received September 5.)

(No. 932. Most Confidential.)

Paris, September 3, 1879.

My Lord,

I ASKED M. Waddington this afternoon, most confidentially, whether he had heard that the Austrian Government were insisting that, if they gave their consent to the Egyptian Decree respecting the Rothschild Loan, it should be provided that all those judgment creditors should be paid in full who had registered mortgages previous to the 3rd February upon the domains which are pledged to secure that loan.

His Excellency answered that the Austrian Chargé d'Affaires had made to him a communication to that effect, which had taken him aback, and he confessed to be much embarrassed as to what course he should pursue in the matter. He could not help feeling that these creditors had a legal right, founded upon a judgment of the Mixed Tribunals, but he allowed that, having regard to the other creditors, it did not seem equitable that such claims, which appeared to amount to about 31,000,000 fr., should be paid in full.

I ventured to remark to his Excellency that certainly, if these claims were paid in full out of the proceeds of the loan, as well as the advances made previous to the 3rd February by Messrs. de Rothschild and the Anglo-Egyptian and Ottoman Banks, and also the arrears of salaries and pensions, as had been recommended by the Commission of Inquiry, I could not help thinking that the whole of the 6,500,000l. of which the loan consisted would be swallowed up with the exception of about 600,000l.

I also alluded to the passage in his Excellency's note of the 26th August (inclosed in copy in my despatch No. 915 of the 28th ultimo), in which a calculation is given that out of the loan about 55 per cent. of the floating debt could be paid off in cash. This, I added, was presumably a calculation based upon the Report last April of the Commission of Inquiry, and since then it was surely evident that further liabilities had been incurred in Egypt, which would still further diminish the percentage then considered to be available towards the discharge of the floating debt, and if the judgment creditors in question were to be paid in full, that percentage would, in fact, be reduced to such a nominal amount as 5 or 6 per cent.

M. Waddington said that he was anxious to learn the opinion of Her Majesty's Government with reference to this move of the Austrian Government, and he observed that time pressed, inasmuch as creditors of the category in question may foreclose by the middle of this month.

His Excellency added that he believed that most of these creditors were Austrian and German, and that the German Government would support the Austrian demand.

I have, &c.

(Signed) F. O. ADAMS.

No. 1167.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 5.)(No. 128.)
(Telegraphic.)

Cairo, September 4, 1879.

THE Decree appointing Messrs. Baring and Blignières has been issued.

In the note inclosing it to me, Minister for Foreign Affairs gives it to be understood that Her Majesty's Government had yielded to observations which Viceroy had made with regard to Mr. Wilson's return, and I have therefore addressed a note to his

Excellency pointing out that there has never been a question of Wilson's appointment as Controller-General.

I transmit copies of notes and Decree by post to-day.

No. 1168.

The Marquis of Salisbury to Mr. Adams.(No. 150.)
(Telegraphic.)

Foreign Office, September 5, 1879, 4 P.M.

YOURS No. 141.

I reply without having seen precise text of proposition, or having had opportunity of consulting persons acquainted with the details. But, subject to this reserve, my opinion is that Her Majesty's Government could not give any assistance, or any formal assent, to proposition of Austrian Government.

No. 1169.

The Marquis of Salisbury to Mr. Lascelles.

(No. 248.)

Sir,

Foreign Office, September 5, 1879.

I TRANSMIT to you herewith the draft of an Article which it is proposed by Messrs. Rothschild should be added to the Decree to be issued by the Khedive protecting the Daira lands from seizure.

The Article is designed to meet the objection of the Austrian Government, who require that there should be some guarantee for the application of the residue of the loan, contracted on the security of these lands towards the object for which it was made.

Her Majesty's Government have intimated to Messrs. Rothschild their acceptance of the Article, as being, in their opinion, sufficient for the purpose in view.

I am, &c.

(Signed) SALISBURY.

No. 1170.

The Marquis of Salisbury to Mr. Adams.

(No. 1137.)

Sir,

Foreign Office, September 5, 1879.

I HAVE received your telegram No. 141 of the 3rd instant, relative to the proposal made by the Austrian Government with reference to the Rothschild Loan Decree.

I have not as yet had an opportunity of seeing the precise text of this proposition, or of consulting persons acquainted with the details, and I am, therefore, at present only in a position to express the opinion of Her Majesty's Government upon it under reserve.

Subject, however, to such reserve, my opinion is that Her Majesty's Government could not give any assistance or any formal assent to the proposition of the Austrian Government.

I am, &c.

(Signed) SALISBURY.

No. 1171.

The Marquis of Salisbury to Mr. Egerton.(No. 123.)
(Telegraphic.)

Foreign Office, September 6, 1879, 3.30 P.M.

HER Majesty's Government have always declined the task of determining what proportion of their claims is to be paid to each creditor or class of creditor. Whether it is just that the particular class of creditors in whom the Austrian Government take an interest should or should not be paid in full is a matter on which Her Majesty's

Government do not feel competent to come to a decision. They are unable, therefore, to offer any recommendation to the Khedive on that subject. They are prepared to recommend him to submit the question to any properly-constituted Court or Commission, and to place the loan money in safe keeping until that decision is arrived at, but they can go no further.

No. 1172.

Mr. Adams to the Marquis of Salisbury.—(Received September 6, 5.30 P.M.)

(No. 142.)
(Telegraphic.)

Paris, September 6, 1879, 3.40 P.M.

WITH reference to your telegram No. 150, M. Courcel says that Austrian Chargé d'Affaires made no written proposition. He will communicate substance of your Lordship's telegram to M. Waddington.

No. 1173.

The Marquis of Salisbury to Mr. Egerton.

(No. 584.)

Sir,

Foreign Office, September 6, 1879.

I HAVE received Sir Henry Elliot's telegram No. 141 of the 3rd instant, reporting that Baron Calice had told him that Baron Rothschild's correspondent had requested the Government of Austria-Hungary to invite Her Majesty's Government to arrange with the Khedive the terms of the Decree or Convention respecting the Rothschild Loan.

It appears from the purport of Baron Calice's statement to Sir H. Elliot that the Austrian Government make it a *sine quâ non* condition of their assent to the proposed Decree that the holders of mortgages on the Daira lands bearing date prior to the 3rd February last shall be paid in full.

With regard to this point, I have to inform you that Her Majesty's Government have invariably declined to undertake the task of determining what proportion of their claims should be paid to each creditor, or class of creditors; nor do they feel competent to decide whether it is just that the particular class of creditors in whom the Austrian Government take an interest should or should not be paid in full. They are, therefore, unable to make any formal proposal to the Khedive on that subject.

Her Majesty's Government are prepared to recommend the Khedive to submit the question to any competent and properly-constituted Court or Commission, and in the meanwhile to place the proceeds of the loan in safe keeping, until some decision in regard to it shall have been arrived at.

Beyond this, however, they cannot undertake to move in the matter.

I am, &c.
(Signed) SALISBURY.

No. 1174.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 8.)

(No. 487. Political.)

My Lord,

Cairo, August 24, 1879.

M. WADDINGTON has instructed M. Monge, the Acting French Agent and Consul-General, to act in concert with me as to the manner in which the joint note which the English and French Ambassadors addressed to the Porte on the 28th ultimo, respecting the interpretation of the clause of the Firman which relates to commercial and other non-political Conventions, should be communicated to the Khedive.

I await your Lordship's instructions before taking any steps in the matter.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1175.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 8.)

(No. 489. Political.)

My Lord,

Cairo, August 24, 1879.

THE Khedive informed my French colleague and me that he had given orders to prepare at once the Decree appointing Major Baring and M. de Blignières as the English and French Controllers-General respectively, and that it would be ready in time for the mail which leaves Alexandria on Tuesday, the 26th instant.

His Highness further told us that he is himself preparing a plan for the settlement of the financial question, as there was so much delay in the appointment of a Commission of Liquidation and in the payment of the balance of the Rothschild Loan instalments.

With regard to the appointment of Riaz Pasha, the Khedive said that nothing had as yet been settled, as His Highness wished to confer with Riaz Pasha before offering him a post.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1176.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 8.)

(No. 491. Political.)

My Lord,

Cairo, August 25, 1879.

I HAVE the honour to report that this morning the Khedive sent his Master of Ceremonies to M. Monge and me to say that he wished to see us. We accordingly to the Palace together.

His Highness first addressed M. Monge, and told him that he had seen with surprise and regret that the French Government had not thought fit to take any notice of his objections to M. de Blignières' return. His Highness then said that before finally appointing the Controllers-General he wished to know what their attributions and functions would be, and he asked us to define them in an official note.

Both my French colleague and I replied that, as we had previously informed His Highness, the Controllers should, in the first instance, be appointed under the Decree of the 18th November; that they would, however, receive instructions from their Governments, of which His Highness would receive unofficial communication, not to avail themselves of the powers of direct administrative interference conferred on them by the Goschen Decree.

His Highness, however, persisted in his demand for an official note on the subject.

I have therefore requested your Lordship to furnish me with instructions in the matter.

M. Monge has telegraphed in the same sense to M. Waddington.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1177.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 8.)

(No. 496. Political.)

My Lord,

Cairo, August 28, 1879.

WITH reference to your Lordship's telegram No. 52 of the 27th instant, I have the honour to inclose a copy of the joint note which M. Monge and I have addressed to the Egyptian Minister for Foreign Affairs, transmitting a copy of the joint note addressed by the Ambassadors of England and France to the Sublime Porte on the 28th ultimo with reference to the interpretation to be given to the clause in the Firman of Investiture of Tewfik Pasha with regard to the communication to the Porte of Conventions before their promulgation by the Khedive.

A copy of the note of the Ambassadors was inclosed in your Lordship's despatch to me No. 226 of the 15th instant.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1177.

Messrs. Lascelles and Monge to Mustapha Pasha Fehmy.

M. le Ministre,
D'APRÈS les ordres que nous avons reçus de nos deux Gouvernements, nous avons l'honneur de transmettre au Gouvernement de Son Altesse le Khédive copie authentique de la note que leurs Excellences les Ambassadeurs d'Angleterre et de France à Constantinople ont adressée à son Excellence Carathéodory Pacha, en date du 28 Juillet, 1879, au sujet du sens à donner aux mots "les Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive," qui se trouvent dans le Firman octroyé par la Sublime Porte à Son Altesse le Khédive.

Le Caire, le 27 Août, 1879.
Veuillez, &c.
(Signé) FRANK C. LASCELLES.
MONGE.

No. 1178.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 8.)

(No. 499. Political.)

My Lord,

Cairo, August 31, 1879.

ON the 24th instant, M. Monge communicated to me a telegram he had received from M. Waddington, stating the reasons which induced the French Government to persist in their intention of nominating M. de Blignières as the French Controller-General, and instructing him to insist upon the appointment being made. The telegram added that M. Waddington had congratulated Riaz Pasha upon his appointment as Minister of the Interior and President of the Council of Ministers, and concluded by saying that the French Government had heard of this appointment with pleasure, as it would ensure harmony between the Egyptian Government and the Controllers-General.

M. Monge suggested that, as the objections raised by the Khedive to M. de Blignières' appointment had been made to M. Tricou and me, it would be better that I should be present when he made his communication to the Khedive.

His Highness was evidently much surprised and disappointed at hearing that the French Government insisted on M. de Blignières' appointment. He said, however, that he would yield to the will of the French Government, and that the Decree should be drawn up at once, and might be transmitted to Europe by the mail of the 26th instant.

With regard to the concluding portion of M. Waddington's telegram, His Highness expressed his astonishment that an announcement had been made that Riaz Pasha had been appointed to any post at all. His Highness had requested his Excellency to return to Egypt to confer with him, and to assist him with his advice in the difficult task he had to perform; but no mention whatsoever had been made of any appointment; and in a telegram which he had just received, Riaz Pasha had expressed his willingness to come back to Egypt to confer with His Highness. He thought, therefore, that there must be some misunderstanding, as he could not suppose that Riaz Pasha had announced that he had been appointed.

The Khedive then said that as there appeared to be difficulties in the way of the appointment of a Commission of Liquidation, and as there would probably be considerable delay before the Commission would meet, he was himself preparing a plan for the settlement of the financial question.

On the evening of the same day the Khedive sent a message to M. Monge and me, to request us to go to the Palace at 11 o'clock the next day, and on our arrival he said that the communication which M. Monge had made to him had taken him completely by surprise. He said he was very much hurt ("très peiné") to find that the

French Government refused to take into consideration the objections which he had made to M. de Blignières' appointment. He had made these objections, not from any personal reasons, but for the good of the country, and he requested M. Monge to inform his Government that he only yielded because they had required ("exigé") him to do so. His Highness then went on to say that, in order to prevent any dispute in the future, he wished to be furnished with an official note defining exactly the powers and attributions of the Controllers-General.

I at once answered that I understood that it had been arranged that the Controllers-General should be appointed under the Decree of November, 1876, but that they should be instructed by their respective Governments to abstain from the exercise of the administrative and executive powers give them by that Decree, and that these instructions would be communicated unofficially to His Highness. I also reminded His Highness that he himself had expressed his desire that the Controllers-General should enter upon their duties as soon as possible, and that your Lordship had instructed me to press for their appointment without delay.

His Highness replied that he was anxious that the question should be settled at once, but that it was important that the powers and attributions of the Controllers-General should be clearly defined before they were appointed.

In a subsequent interview which I have had with the Khedive, His Highness told me that he looked forward with great pleasure to Major Baring's return, and anticipated great assistance from his advice, but, although I again urged that it would be advisable to draw up the Decree appointing him at once, His Highness repeated the arguments he had already used with regard to the necessity of defining the powers of the Controllers.

His Highness also told me that he had heard that Riaz Pasha was coming back to Egypt with the pretension of governing the country. He trusted that this was not the case, for if his Excellency should prove to be unreasonable in his demands, His Highness would be unable to offer him employment. For the present His Highness intends to retain the Presidency of the Council for himself, saying that, as the Powers held him responsible for the government of the country, he must himself take part in the administration and be able to control the acts of his Ministers.

In all the interviews I have had with His Highness since the reading of the Firman of Investiture, I have been much struck with the firmness of tone which he has assumed. I believe him to be sincere in his desire to work for the good of the country, and would be willing to accept the assistance which the Powers may offer him. But he is certainly much annoyed at his observations with regard to the return of M. de Blignières having been disregarded, and although he will evidently be compelled to yield to anything the Powers may insist upon, it appears to me that it would be wise to consult his wishes as far as possible in order to secure his cordial co-operation, without which the success of any arrangement which may be made with regard to the Government of Egypt will be very doubtful.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1179.

Mr. Macdonell to the Marquis of Salisbury.—(Received September 8.)

(No. 369. Confidential.)

My Lord,

Rome, August 31, 1879.

I HAVE the honour to acknowledge your Lordship's telegram of the 30th instant, instructing me to explain what Count Maffei meant by stating that no communication has been made to him by Her Majesty's Government with regard to the amendments suggested by Messrs. Rothschild to your Lordship's proposal for meeting the objections raised by Austria against the Decree of the Viceroy protecting from hypothecation lands on which the Rothschild Loan is secured.

In reply, I beg to state that, on receipt of your Lordship's telegram of the 21st instant, I called at the Italian Foreign Office and communicated its contents to Count Maffei.

He remarked that the subject had already been brought before him by the Austro-Hungarian Chargé d'Affaires, Prince Wrede, but in a somewhat modified form. He then read to me the summary of a despatch addressed to the latter by his Government, and a copy of which I herewith inclose, observing that your Lordship's telegram made

no mention of the Convention proposed by Messrs. Rothschild, the principal clause of which met one of the most important points as regards Italian interests, viz., "that after payment of the creditors who possess mortgages registered before the 2nd (3rd) February last, &c."

The Italian Government, he went on to say, have accepted the Viceroy's Decree with the following reserves:—

1. That the rights of prior mortgages shall be respected.
2. That the residue of the loan shall not be misapplied.

Your Lordship's proposal, the Count added, "no doubt provides for the proper application of the loan, but appears to make no special provision for the creditors whose mortgages were registered before the 2nd (3rd) February last, and those are the creditors whom the Italian Government are bound to protect."

Furthermore, he remarked, that the note of the Austrian Government appears to draw a distinction between your Lordship's proposal and that which Austria recommends, inasmuch as it states at the end of the 3rd section:—

"(Le Cabinet de Vienne) serait disposé d'accepter l'arrangement proposé par l'Angleterre sous les modalités exposées par la maison Rothschild."

Under these circumstances, and in presence of the slight discrepancy between the English and Austrian proposals, Count Maffei deferred giving me an official answer until he had heard from Messrs. Rothschild themselves on the subject.

My telegram No. 69 of the 28th instant was therefore in the above sense.

I have since ascertained that Count Maffei telegraphed to General Menabrea for explanations, but the reply he received from his Excellency did not throw much light upon the subject.

On the 28th August Count Maffei invited me to call at the Foreign Office, and informed me that he had been authorized by the Government to state to the Austrian Chargé d'Affaires that Italy was ready to accept the arrangement proposed by Messrs. Rothschild according to the copy herewith inclosed.

This arrangement, to which Austria appears likewise to have acceded, no doubt embodies your Lordship's proposal, and may, to all intents and purposes, be the same as that proposed in your Lordship's communication of the 21st, but as no reference was therein made to the proposed Rothschild Convention, "specially protecting the creditors who have registered their mortgages before the 2nd (3rd) February last," Count Maffei thought it his duty, in order to avoid any misconception, to specify clearly the exact conditions accepted by the Italian Government, and to ascertain, beyond doubt, that the Rothschild amendments had met with your Lordship's acceptance.

I have, &c.
(Signed) H. G. MACDONELL.

Inclosure 1 in No. 1179.

The Austrian Minister for Foreign Affairs to Prince Wrede.

(Confidentiel.)

Vienne, le 28 Août 1879.

EN communiquant aux Puissances sa manière de voir sur les affaires Egyptiennes, le Gouvernement Impérial et Royal a posé, comme condition de son approbation du Décret du Khédive relativement à l'insaisissabilité des biens de la Daira, la réunion de la Commission Internationale de surveillance dont il a proposé la formation à la suite de l'initiative du Gouvernement Italien. Il est toutefois évident que la réunion de cette Commission ne saurait avoir lieu dans un très-prompt délai, tandis que dans l'intérêt des créanciers de la dette flottante Egyptienne il est urgent de faire parvenir le plus tôt possible à sa destination le résidu de l'Emprunt Rothschild.

De la part de l'Angleterre la question a été posée si l'on ne pourrait pas garantir l'administration correcte de l'Emprunt Rothschild en faisant verser son produit à la Caisse de la Dette Publique qui se trouve sous la direction des Commissaires-Directeurs, lesquels auraient à l'employer au paiement de la dette flottante.

Dans une lettre de la maison Rothschild à Londres du 8 courant, il a été proposé de faire conclure une Convention à cet effet entre les Puissances, le Gouvernement Egyptien et la maison Rothschild. La dite Convention offrirait la garantie que le produit, après déduction des avances faites par la maison Rothschild, et après le paiement des créanciers qui ont des hypothèques enregistrées avant le 2-3 Février dernier,

serait employé exclusivement à l'amortissement de la dette flottante. Bien que les scrupules juridiques que le Gouvernement Impérial et Royal avait déjà exprimés préalablement à ce sujet n'aient pas été entièrement dissipés par cette proposition, néanmoins l'on ne peut nier que les vices légaux du Décret proposé par le Khédive seraient en certaine mesure redressés par l'approbation des Puissances. Mû par ces considérations, le Cabinet de Vienne, afin de faciliter un accord, croit devoir ne pas s'appesantir sur les scrupules de droit et serait disposé d'accepter l'arrangement proposé par l'Angleterre, sous les modalités exposées par la maison Rothschild.

Le Gouvernement Impérial et Royal attacherait un grand prix à connaître à ce sujet les vues du Gouvernement du Roi.

Inclosure 2 in No. 1179.

Messrs. Rothschild and Sons, London, to M. Rothschild, Vienna.

(Translation.)

(Confidential.)

London, August 8, 1879.

IT is our intention to acquaint you by this letter with the last phase of Egyptian affairs.

As you informed us in your letter of the 30th July, the Austrian Government had up to the present moment refused to assent to the Decree, because it had, in fact, no guarantee that the proceeds of the loan destined to diminish the floating debt would not be diverted to other purposes.

To obviate this difficulty we have drawn up a Project of Convention, to be signed by the Great Powers, by the Egyptian Government, and by ourselves, stipulating that, after having deducted the money advanced by us, &c., and having ratified the claims of those creditors who have prior mortgages to ours on the domain, the proceeds of the loan shall be exclusively applied to the extinction of the floating debt.

This Convention would further stipulate that the Contracting Parties have agreed amongst themselves that the Commissioners of the Egyptian Public Debt are authorized to receive the funds of the loan, and apply them to the extinction of the floating debt.

We had thought of assigning this duty to the new Commission of Liquidation which is to be appointed; but since the latter has not yet been named, and it being of the greatest importance that the difficulties interposed to our loan should be removed, and it being moreover necessary not to oblige the mortgage creditors to have recourse to a forced sale, we have proposed the Commissioners of the Public Debt, whose place can be easily taken, if necessary, by the Commission of Liquidation.

We have submitted this Project of Convention to our Government as an amendment to the Decree, with which you are acquainted. Our Government declares that it agrees to the above, in principle, and will probably communicate with your Government on the subject.

We consider it advantageous to acquaint you with what has taken place, and avail, &c.

(Signed) ROTHSCHILD AND SONS.

No. 1180.

Sir H. Elliot to the Marquis of Salisbury.—(Received September 8.)

(No. 565.)

My Lord,

Vienna, September 3, 1879.

BARON CALICE tells me that Baron Rothschild's correspondent here has shown him a communication from the Baron, expressing the wish that Her Majesty's Government would arrange with the Khedive the terms of the Decree or Convention respecting the loan.

Baron Calice suggested that it would be simpler if this application were made in London direct to your Lordship; but he tells me confidentially that, for some reason which he does not quite understand, Baron Rothschild wishes that the Austrian Government should invite Her Majesty's Government to undertake this arrangement.

He has therefore asked me to make known Baron Rothschild's wish to your Lordship, and at the same time to repeat the willingness of the Imperial Government that a Decree should be issued, or a Convention concluded, providing that the amount

of the loan shall be placed in the Caisse de la Dette Publique, to be applied to its original purposes under the control either of a Commission to be constituted, or of the Consuls-General; and upon the condition of all mortgages of a date prior to the 3rd February being paid in full, which is the *sine quâ non* condition of the Austrian consent.

It appears that, although Baron Rothschild has intimated here that these claims are to be paid in full, the reports of the Austrian Chargé d'Affaires at Paris were not equally explicit upon a point upon which Baron Calice considers it essential that there should be no misunderstanding.

I have, &c.
(Signed) HENRY ELLIOT.

P.S. September 4.—I have this morning seen the manager of Baron Rothschild's Vienna house, who said that there could be no doubt of the right of the holders of the mortgages in question to have their claims satisfied in full, and that this right would certainly be acknowledged, though he did not imagine that they could insist upon the amount being at once paid down as if they were holders of a cheque payable at sight.

H. E.

No. 1181.

Mr. Adams to the Marquis of Salisbury.—(Received September 8.)

(No. 939. Confidential.)

My Lord,

Paris, September 6, 1879.

I SAW M. de Courcel this afternoon, in the absence of M. Waddington, and spoke to him with reference to the communication made by the Austrian Chargé d'Affaires, respecting the rights of the judgment creditors in Egypt to be paid out of the Rothschild Loan, as mentioned in my despatch No. 932, Most Confidential, of the 3rd instant.

I told M. de Courcel that your Lordship had not seen the precise text of the Austrian proposition, and you had not had an opportunity of becoming acquainted with its details. Your answer to M. Waddington was, therefore, subject to modification after having been made acquainted with the exact nature of the proposition. But, as at present advised, you did not think that Her Majesty's Government could give any assistance or any formal assent to the Austrian proposal.

M. de Courcel informed me that M. de Kufstein had given no written note or memorandum from his Government, and he promised to communicate your Lordship's observations to M. Waddington.

I have, &c.
(Signed) F. O. ADAMS.

No. 1182.

Lord Tenterden to Messrs. Rothschild.

Gentlemen,

Foreign Office, September 8, 1879.

I AM directed by the Marquis of Salisbury to inform you that Her Majesty's Government have had under their consideration the draft of an Article which you propose should be added to the Decree to be issued by the Khedive, protecting from seizure the Daira lands assigned as security for the recent Egyptian loan.

The Article appears to Her Majesty's Government to be sufficient for the purpose in view, and they are ready to accept it, if agreed to by other Powers.

I am, &c.
(Signed) TENTERDEN.

No. 1183.

Mr. Adams to the Marquis of Salisbury.—(Received September 10.)

(No. 943. Most Confidential.)

My Lord,

Paris, September 9, 1879.

BARON DE COURCEL came to the Embassy yesterday afternoon to speak to me most confidentially, by direction of M. Waddington, with reference to the communication which his Excellency had received from the Austrian Chargé d'Affaires, that the consent of the Austrian Government to the Egyptian Decree concerning the Rothschild Loan was conditional upon the payment in full of all those judgment creditors who had registered mortgages previous to the 3rd February on the domains pledged to secure that loan.

M. de Courcel communicated to me a memorandum of M. de Blignières on this subject, a copy of which I have the honour to inclose herewith.

In this memorandum M. de Blignières refers to the Report of the Commission of Inquiry of the 10th April. A copy of this Report was transmitted to your Lordship by Mr. Lascelles in his despatch No. 221 of the 14th April.

M. de Blignières states that the Commission of Inquiry was unanimous in opposing the principle for which the Austrian Government now contend, that M. de Kremer, who represented both the Austrian and German Governments in the Commission, and who led the way in the decision to which it arrived on this point, himself drew up that part of the Report in which the matter in question is treated, and that his text was unanimously adopted without any modification.

M. de Blignières particularly refers to certain passages in the Report, to be found under the heading "III. Créanciers Ordinaires (Dette Non-Consolidée)."

It appears from these passages that, by a Decree of the 6th April, 1876, of Ismail Pasha, not only did His Highness put off payment of certain bonds, but he also reduced the interest upon them. The Government was therefore, says the Report, in a state of insolvency from that moment, and has been so ever since. In the interval numerous judgments were pronounced by the Mixed Tribunals against the Financial Administration of the country, and seizures were consequently made, and "inscriptions hypothécaires" were effected. The latter was the case with respect to the domains pledged for the Rothschild Loan, and thus a portion of the creditors attempted to secure a privileged position to the prejudice of the whole.

That is to say, according to the Report, stated by M. de Blignières to be the sole production of M. de Kremer, these creditors attempted to secure what might be considered as amounting to a fraudulent preference over the other creditors.

The first paragraph of p. 49, referred to by M. de Blignières, is as follows:—

"Au point de vue juridique, la question peut être résolue par assimilation aux Articles 220 et suivants du Code de Commerce Egyptien, et spécialement à l'Article 239, qui indique que les inscriptions hypothécaires ne peuvent pas être prises après le jugement déclaratif de faillite, et peuvent être déclarées nulles quand elles sont prises après la cessation des paiements; à l'Article 360 et suivants, où les porteurs de jugements ne figurent pas parmi des créanciers privilégiés à l'Article 381, prescrivant que le montant de l'actif, déduction faite des sommes payées aux créanciers privilégiés, doit être également réparti entre tous les créanciers."

Without overloading this despatch with extracts from the Report, to which I beg to refer your Lordship, it may suffice to say here that its conclusions are that, neither in law nor in equity, should these judgment creditors be paid in full when the debtor was avowedly insolvent.

Under these circumstances, and considering that it is declared that the portion of the Report in question was drawn up by the Austrian member, and adopted without alteration by his colleagues, M. Waddington suggests, for your Lordship's consideration, whether, instead of admitting Austria's claim for these judgment Creditors to be paid in full, an arrangement or compromise might not be proposed to the Austrian Government whereby they should receive 50 per cent. of their claims in cash at once, reserving the remaining 50 per cent. to be dealt with in the general arrangement.

I promised M. de Courcel that I would report what he had communicated to me by this evening's messenger to your Lordship. He told me that he expected M. Waddington in Paris to-morrow evening, as his Excellency had to be present at the

Council of Ministers on the following morning, and he insisted much upon the importance of an early decision upon this matter.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 1183.

IL résulte d'une conversation que je viens d'avoir avec M. de Rothschild que l'Autriche ne consentirait à donner son assentiment au Décret déclarant l'insaisissabilité des domaines, que sous cette condition que les hypothèques prises du 16 Novembre, 1878, au 3 Février, 1879, produiraient leurs pleins effets.

La Commission d'Enquête a été unanime pour s'opposer à ce que ce principe soit admis, et M. de Kremer qui a provoqué notre décision en ce sens a lui-même rédigé la partie du Rapport où cette question est traitée (voir pp. 46 à 49, et notamment le premier paragraphe de la page 49). Sa rédaction a été adoptée sans aucune modification.

M. de Kremer représentait dans la Commission les Gouvernements Autrichien et Allemand.

(Signé) E. DE BLIGNIÈRES.

No. 1184.

The Marquis of Salisbury to Mr. Egerton.

(No. 587.)
Sir,

Foreign Office, September 10, 1879.

FROM Baron Calice's statement to Sir H. Elliot, reported in his Excellency's despatch No. 565 of the 3rd instant, it would appear that, before giving their consent to the proposed Decree protecting from seizure the Daira lands pledged as security for the recent Egyptian loan, the Austrian Government made it a condition that the mortgages or "inscriptions hypothécaires" registered against those properties previously to Messrs. Rothschild's mortgage should be paid in full out of the proceeds of the loan.

In making this demand the Austrian Government seem to be under some misapprehension of the facts.

The judgment of the Court of Appeal of Alexandria in the case of M. Ménager, delivered on the 1st May last, established the priority of these inscriptions over the mortgage held by Messrs. Rothschild, and accordingly the draft Decree, as originally framed by Messrs. Rothschild, expressly reserves the legal rights of the holders of the inscriptions.

The latter are consequently entitled to the benefit of those rights *quantum valeant*. But by the Egyptian law applicable to the case, the inscriptions do not constitute (as I am informed) a charge upon the whole of the Daira lands, but only upon those estates against which they have been specifically registered *nominatim*. In point of fact, they have only been registered against a few of the estates.

The inscriptions take priority according to date, and their total amount is estimated at 34,000,000 fr. or, say, 1,360,000*l.*, whereas the particular estates against which they are registered are worth only, say, one-half of that sum. These estates, when sold, would only suffice to pay off the first or two first inscriptions upon each estate, and the holders of the subsequent inscriptions would receive nothing. Consequently they hold in reality no security at all.

Assuming, then, that no Decree is issued such as has been proposed, and that the law is allowed to take its course, the estates affected by the inscriptions would be sold for the benefit of the holders of the inscriptions; the earliest in point of date would alone be paid, and the proceeds of the sale would exactly represent the amount by which the security promised to Messrs. Rothschild will have been diminished. That amount the latter would of course be entitled to retain out of their advances to the Egyptian Government on account of the loan.

To insist that the holders of these inscriptions shall be paid off in full out of the loan is to give the holders of the second, or of the third or subsequent inscriptions, as the case may be, an advantage over the general creditors which they do not at present by law possess, and it would to a great extent frustrate the object of the Rothschild Loan.

The Austrian Government have probably formed their conclusion on the belief that all the holders of inscriptions registered previous to the date of the Rothschild mortgage are legally secured to the full extent of their claims—a belief which the above statement will show to be erroneous.

If the object of the Austrian Government be to maintain the validity of the Judgment of the Court of Appeal, giving priority to the inscriptions in question over the Rothschild mortgage, the fairest arrangement to all parties would be to propose that the inscriptions should be satisfied, according to their priority, to the extent of the value of the estates against which they may have been respectively registered.

This stipulation might, if thought necessary, form part of the Decree, but liberty should be reserved to dispute the validity of any of the inscriptions before the Courts on account of informality or other objections.

You are authorized to communicate the contents of this despatch to the Austrian Government in the shape of a confidential Memorandum.

I am, &c.
(Signed) SALISBURY.

No. 1185.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 11.)

(No. 501. Political.)

My Lord,

Cairo, September 2, 1879.

I HAD the honour yesterday morning to receive Mr. Adams' telegram, conveying to me your Lordship's instructions with regard to the nomination of the English Controller-General.

M. Monge having received precisely similar instructions with regard to the nomination of a French Controller-General, we went together by appointment to the Palace at half-past 4 o'clock to communicate them to the Khedive.

After M. Monge had read the telegram which he had received from M. Waddington, and after I had observed that your Lordship's instructions to me with regard to the nomination of the English Controller-General were exactly similar, His Highness said that he was perfectly aware that he had himself applied for the re-establishment of the Control, and that it was his sincere wish to see it re-established. He could not, however, understand the reasons of the French Government for insisting on the appointment of M. de Blignières, and he observed with great regret that the French Government had not taken into consideration the objections he had raised. He thought this all the more hard as the Governments would hold him responsible for the success or failure of the Control, and he could not look forward to success if M. de Blignières were to be the French Controller-General. There were certainly other persons in France who would be well fitted for the post, and His Highness mentioned the names of M. de Vilette and M. Bellaigue de Bughaz, the appointment of either of whom he would have viewed with pleasure. M. de Blignières had rendered himself extremely unpopular in Egypt, not merely with the natives, but also with the members of his own colony, and it was much to be feared that he would not confine himself to the performance of the functions of a Controller-General, but would attempt to exercise a direct interference in the Administration. His Highness had, therefore, asked to be furnished with an official note defining precisely the functions and attributions of the Controllers-General.

M. Monge and I then pointed out to His Highness that the functions of the Controllers-General were defined in the Decree of the 18th November, 1876, and that our Governments now appealed to His Highness to carry into effect the declaration made by the Egyptian Minister of Foreign Affairs, Zoulikar Pasha, in his note of the 31st March. All that was now required was that His Highness should issue a Decree appointing Messrs. Baring and de Blignières as successors to Mr. Romaine and M. de Malaret, it being understood that the new Controllers-General should abstain for the present from the exercise of that portion of their powers which gave them the right of interfering in the Administration.

His Highness having again requested to be furnished with an official note, M. Monge and I pointed out that we were not authorized to give a declaration in writing with regard to the instructions which the Controllers should receive from

their Governments, but that we had no objection to address an official note to Moustapha Pasha Fehmy to request the immediate issue of a Decree appointing the Controllers-General in accordance with the engagement entered into by the Egyptian Government.

On taking leave of the Khedive I asked His Highness whether I might inform your Lordship that the Decree would be issued without further delay, and His Highness answered that, as we had promised to furnish him with an official note, the Decree would be issued immediately.

I have the honour to inclose a copy of the note which, after consultation with M. Monge, I have addressed to Moustapha Pasha Fehmy, requesting his Excellency to apply at once to the Khedive for the immediate promulgation of a Decree appointing Major Baring as successor to Mr. Romaine.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1185.

Mr. Lascelles to Moustapha Pasha Fehmy.

M. le Ministre, Caire, le 1^{er} Septembre, 1879.
CONFORMÉMENT à la déclaration qui a été faite par Zoulfikar Pacha, Ministre des Affaires Etrangères, dans sa note du 31 Mars dernier, que le Contrôle tel qu'il a été établi par le Décret du 18 Novembre, 1876, entrera *ipso facto* en vigueur dans le cas où les Ministres Européens seraient relevés de leurs fonctions; engagement diplomatique dont il est impossible de s'écarter, je viens d'après les ordres de mon Gouvernement engager votre Excellence de demander à Son Altesse le Khédive de vouloir bien procéder à la promulgation immédiate d'un Décret nommant M. Baring comme Contrôleur-Général en remplacement de Mr. Romaine, conformément aux engagements ci-dessus énoncés.

Veillez, &c.
(Signed) FRANK C. LASCELLES.

No. 1186.

Mr. Lascelles to the Marquis of Salisbury.—Received September 11.)

(No. 502. Political.)

My Lord, Cairo, September 2, 1879.
WITH reference to my despatch No. 496 of the 28th ultimo, I have the honour to transmit to your Lordship herewith a copy of a note which I have received from the Minister for Foreign Affairs in answer to the joint note which M. Monge and I addressed to his Excellency on the 27th ultimo, with reference to the interpretation to be given to the clause in the Firman of Investiture relating to the communication to the Porte of Conventions before their promulgation by the Khedive.

Moustapha Pasha requests me in this note to express to your Lordship the gratitude of the Government of the Khedive for this new proof of the kind and enlightened solicitude which Her Majesty's Government have given them on this occasion.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1186.

Moustapha Pasha Fehmy to Mr. Lascelles.

M. le Gérant,

Caire, le 30 Août, 1879.

JE m'empresse de vous accuser réception de la dépêche que vous m'avez fait l'honneur de m'adresser avec votre collègue de France, à la date du 27 courant, et par laquelle, d'après les ordres reçus de vos deux Gouvernements, vous transmettez au Gouvernement de Son Altesse le Khédive copie authentique de la note que leurs Excellences les Ambassadeurs d'Angleterre et de France à Constantinople ont adressée à son Excellence Carathéodory Pacha, en date du 28 Juillet, 1879, au sujet du sens à donner aux mots : "les Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédive," qui se trouvent dans le Firman octroyé par la Sublime Porte à Son Altesse le Khédive.

Je vous prie de vouloir bien vous faire, auprès du Gouvernement de Sa Majesté Britannique, l'interprète des sentiments de gratitude du Gouvernement du Khédive, pour la nouvelle marque de sollicitude aussi éclairée que bienveillante que lui donne ainsi le Gouvernement de Sa Majesté.

Veillez, &c.
(Signé) MOUSTAPHA FEHMY.

No. 1187.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 11.)

(No. 503. Political.)

My Lord,

Cairo, September 4, 1879.

I HAVE the honour to inclose the monthly statement of the Commissioners of the Public Debt, as published in the "Moniteur Egyptien" of the 3rd instant.

The sums received on account of the coupon of 1,988,982*l.* on the Unified Debt, due on the 1st November next, amounted on the 31st August to 529,850*l.*

The receipts from the railways amounted to 213,000*l.* towards the payment of the coupon of 442,872*l.* on the Privileged Debt due on the 15th October, and a considerable sum will have to be paid from the receipts on account of the Unified Debt to make good the difference.

The Commissioners have received 59,992*l.* towards the payment on the 1st October of the coupon on the short loans amounting to 252,222*l.*

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1187.
Extract from the "Moniteur Egyptien" of September 3, 1879.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE D'ÉGYPTE.

Etats Mensuels au 31 Août, 1879, des Sommes Versées à la Caisse de la Dette Publique.

État No. 1.—DETTE Unifiée, échéance du 1^{er} Novembre, 1879 (Intérêts et Amortissement) montant à 1,988,982l.

Désignation des Provinces et Administrations dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes Versées du 1 ^{er} au 31 Août, 1879.	Sommes Versées du 1 ^{er} Mai au 31 Juillet, 1879.	Totaux au 31 Août, 1879.
	Prs. p.	Prs. p.	Prs. p.
Province de Garbieh	1,626,144 17	6,010,621 37	7,636,766 14
„ Menoufieh	116,449 37	4,696,635 20	4,813,135 17
„ Béhéra	1,282,087 36	1,770,602 33	3,052,690 29
„ Siout	2,402 23	16,061 30	18,464 13
Octrois du Caire	1,301,329 29	4,193,564 27	5,494,894 16
„ d'Alexandrie	200,000 00	1,397,199 09	1,597,199 09
Douanes	3,693,544 35	9,482,093 22	13,175,638 17
Droits des tabacs	482,619 30	1,600,321 25	2,082,941 15
Revenus du sel	83,157 17	274,661 12	357,818 29
Fermage de Matarieh	251,595 14	790,980 35	1,042,576 09
Ecluses et droits de navigation sur le Nil	579,322 21	578,160 11	1,157,482 32
Pont de Kasr-el-Nil	288,468 26	570,436 18	858,905 04
	9,907,173 05	31,381,339 39	41,288,513 04
Disponible au 30 Avril	..	..	10,371,949 21
			51,660,462 25
			Soit, £529,850

État No. 2.—EMPRUNTS 1864, 1865, 1867.

Semestrialités déjà Payées. Amortissement.	Intérêts et Amortissement.	Semestrialités restant à Payer. Amortissement.	Intérêts et Amortissement.
	£ s.		£ s.
8 Janvier, 1879	39,689 10	1 ^{er} Octobre, 1879	252,222 0
1 ^{er} Avril, „	254,255 0	22 Novembre, „	29,389 10
22 Mai, „	183,855 10	8 Janvier, 1880	152,073 0
7 Juillet „	153,165 0		
	630,965 0		433,684 10

Noms des Provinces.	Sommes Versées du 1 ^{er} au 31 Août, 1879.	Sommes Versées du 1 ^{er} Janvier au 31 Juillet, 1879.	Totaux au 31 Août, 1879.
	Prs. p.	Prs. p.	Prs. p.
Produit de la Moukabalah—			
Keneh	314,816 02	4,490,781 20	4,805,597 22
Ianeh	31,000 00	927,500 14	958,500 14
Ghirgeh	..	7,266,687 20	7,266,687 20
Minieh	..	2,288,187 36	2,288,187 36
Fayoum	..	1,136,737 09	1,136,737 09
Benisouef	33,924 30	2,663,475 38	2,697,400 28
Ghizeh	..	2,910,725 06	2,910,725 06
Siout	1,597 17	11,098,103 18	11,099,700 35
Garbieh	77,228 00	8,374,682 30	8,451,910 30
Menoufieh	1,523,525 33	4,733,467 06	6,256,992 39
Béhéra	102,164 10	1,476,882 18	1,579,046 28
Charkieh	14,956 10	6,432,075 21	6,447,031 31
Dakahlieh	25,773 35	7,243,553 15	7,269,327 10
Gallioubieh	10,496 10	4,188,904 13	4,199,400 23
Gouvernorat de Rosette	..	1,070 11	1,070 11
	2,135,482 27	65,232,834 35	67,368,317 22
Sommes employées pour les semestrialités des 8 Janvier, 1 ^{er} Avril, 22 Mai, et 7 Juillet, 1879	..	..	Soit, £690,957 £630,965
Reste disponible	..	..	£ 59,992

État No. 3.—DETTE Privilégiée, échéance du 15 Octobre, 1879 (Intérêts et Amortissement) montant à 442,872l.

Désignation des Administrations dont les Revenus sont affectés à la Dette Privilégiée.	Sommes Versées du 1 ^{er} au 31 Août, 1879.	Sommes Versées du 15 Avril, au 31 Juillet, 1879.	Totaux au 31 Août, 1879.
	Prs.	Prs.	Prs.
Chemins de Fer	5,167,500	15,600,000	20,767,500
Port d'Alexandrie	..	..	..
	5,167,500	15,600,000	20,767,500
			Soit, £213,000

Le Caire, le 2 Septembre, 1879.

Le Commissaire-Directeur de la Caisse de la Dette Publique,
(Signé) A. DE KREMER.
A. COLVIN.

Pour copie conforme :
Pour le Contrôleur,
(Signé) CÉSAR CAPRARA.

No. 1188.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 11.)

(No. 504. Political.)

My Lord,

Cairo, September 4, 1879.

M. MONGE and I having waited till yesterday morning for the answer to the note which we had addressed on the evening of the 1st instant to the Egyptian Minister for Foreign Affairs, went together to Moustapha Pasha Fehmy, and requested his Excellency to furnish us with an immediate answer, as we could no longer delay reporting to our Governments the state of affairs with regard to the re-establishment of the Control.

His Excellency said that he had expected our visit. The Decree which we had asked for had not yet been drawn up, but the Khedive was preparing a Decree for submission to the Council of Ministers, and he hoped to be able to give us an answer in a short time.

M. Monge and I pointed out that plenty of time had already elapsed for the preparation of a Decree such as we had asked for, and which was merely the fulfilment of a diplomatic engagement into which the Egyptian Government had entered. Our Governments had already expressed their regret and surprise at the Khedive's hesitation in carrying out this engagement, and our instructions had been very positive to demand the immediate issue of a Decree. We were therefore obliged to request his Excellency to furnish us with an answer in the course of the day so as to enable us to report to our Governments.

Moustapha Pasha Fehmy replied that the question would have been finally settled some time ago if it had not been for the demand that M. de Blignières' name should appear in the Decree. He would, however, at once take the Khedive's orders and let us know the result as soon as possible.

Some hours later his Excellency called upon me and informed me that the Khedive had prepared a Decree which would be submitted to the Council of Ministers that night, and that I should receive the answer to my note the following morning. In reply to an observation from me that there could only be one answer, his Excellency said that he could not state positively that His Highness would sign the Decree. His Highness was evidently afraid of the return of M. de Blignières, more especially since M. Tricou had given His Highness to understand that it was intended to confer upon the Controllers-General very large powers to enable them to carry out their duties of inspection. His Highness also argued that the Decree of the 18th November, 1876, conferred upon him the choice of the Controllers-General, subject to the approval and assent of their respective Governments, and that the demand for the

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appointment of M. de Blignières was therefore a violation of the very Decree which the Khedive was asked to put into force.

I then spoke to his Excellency very seriously and expressed my surprise that after the various communications that had been made to the Khedive, His Highness should still hesitate to issue the Decree. The French Government had decided upon the nomination of M. de Blignières; His Highness had protested against this nomination, but the French Government had insisted upon it, and they would evidently refuse their approval and assent to any other person. It was important that no further delay should take place in the appointment of the Controllers-General. The last instructions which M. Monge and I had received expressed the regret and surprise of our Governments, and I said it would be a very serious matter indeed if the Khedive should still delay the issue of the Decree, and thus provoke the displeasure of the two Governments.

His Excellency said he would not fail to communicate the observations I had made to the Khedive.

Later in the afternoon I called upon M. Monge, who had also received the visit of Moustapha Pasha Fehmy. His Excellency had given him to understand that the Decree would certainly be signed, and that it would be sent to us in the morning, and we therefore agreed to wait until to-day before taking any further steps in the matter.

I have now the honour to inclose a copy of a note which I have just received from Moustapha Pasha Fehmy, transmitting a copy of the Decree by which the Khedive appoints Messrs. Baring and De Blignières as the Controllers-General.

As the concluding portion of his Excellency's note seemed to me to convey the impression that Her Majesty's Government had designated Major Baring for the appointment in consequence of the observations which the Khedive had made with regard to the return of Mr. Wilson, I have deemed it my duty to address a note to his Excellency, of which I inclose a copy, to remind him that there has not at any time been a question of the appointment of Mr. Wilson as Controller-General, and that Her Majesty's Government have from the first designated Major Baring as the person whom they wished to be appointed.

M. Monge has read to me the note which he has received from Moustapha Pasha Fehmy, in which his Excellency, by order of the Khedive, renews the protests that His Highness has already made against the appointment of M. de Blignières, and points out that this appointment has only been made at the demand of the French Government, who have, by their action in the matter, committed an infraction of the Decree of the 18th November, 1876, which left to the Khedive the choice of the Controllers-General.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1188.

Moustapha Pasha Fehmy to Mr. Lascelles.

M. le Gérant, Caire, le 4 Septembre, 1879.
J'AI eu l'honneur de recevoir et de soumettre à Son Altesse le Khédivé la dépêche que vous m'avez adressée le 1^{er} Septembre courant, et de laquelle il résulte que conformément à la déclaration faite par son Excellence le Ministre des Affaires Etrangères dans sa note du 30 Mars dernier, que le Contrôle tel qu'il a été établi par le Décret du 18 Novembre, 1876, resterait *ipso facto* en vigueur, dans le cas où les Ministres Européens seraient relevés de leurs fonctions; vous demandez d'après les ordres de votre Gouvernement que Son Altesse le Khédivé veuille bien procéder à la promulgation immédiate d'un Décret nommant Mr. Baring Contrôleur-Général, en remplacement de Mr. Romaine.

Antérieurement à cette dépêche, M. le Gérant, vous avez bien voulu, le 24 Août dernier, de concert avec votre collègue de France, donner verbalement communication à Son Altesse le Khédivé d'un télégramme de votre Gouvernement qui appuyait la nomination de Mr. Baring.

Son Altesse vous a prié de confirmer cette communication par une note officielle, et elle a en outre insisté sur la nécessité de définir nettement le caractère et les attributions des Contrôleurs-Généraux.

Le 1^{er} Septembre, M. le Gérant, toujours de concert avec votre collègue de France, vous avez fait connaître verbalement aussi à Son Altesse le Khédivé un autre télégramme du Gouvernement de Sa Majesté Britannique, qui exprimait ses regrets et sa surprise de voir le Khédivé hésiter à rétablir le Contrôle, conformément au Décret du 18 Novembre, 1876, ainsi qu'à l'engagement diplomatique résultant de la note Ministérielle du 30 Mars.

Vous avez ensuite, M. le Gérant, transmis à ce Ministère votre dépêche du 1^{er} Septembre, qui insiste sur le rétablissement du Contrôle et sur la nomination de Mr. Baring.

En ce qui concerne le Contrôle, son Altesse a été péniblement surprise elle-même, M. le Gérant, que le Gouvernement Anglais ait pu penser qu'elle hésitait à le rétablir, car aucun doute n'était possible à ce sujet; ses déclarations ont toujours été des plus affirmatives, et elle a été la première à demander par l'intermédiaire des Représentants de l'Angleterre et de la France que l'institution fut remise en fonctionnement.

Son Altesse n'a donc jamais manifesté la moindre hésitation, ni présenté la moindre objection à cet égard.

Ce qui a donné lieu à des observations, à des réserves de sa part c'est, non pas le rétablissement du Contrôle, mais le choix des Contrôleurs.

Dès le principe, elle s'est nettement expliqué relativement à MM. Wilson et de Blignières; elle a communiqué à MM. les Représentants de l'Angleterre et de la France en les priant de communiquer à leurs Gouvernements respectifs les raisons qui l'empêchaient de se prêter à leur nomination; elle leur a fait connaître les considérations majeures sur lesquelles elle s'appuyait, et leur a exprimé ses appréhensions, basées non point sur un sentiment personnel, mais sur l'opinion publique très-peu favorable à cette nomination.

A la suite des explications fournies dans ce sens le Gouvernement Anglais demande la nomination de Mr. Baring.

Son Altesse le Khédivé accepte avec plaisir le choix de Mr. Baring, et s'empresse de rendre le Décret qui le nomme Contrôleur, Décret dont j'ai l'honneur de vous envoyer copie. Elle me charge de vous exprimer en même temps, M. le Gérant, combien elle a été sensible à la nouvelle marque de bienveillance que lui a donnée le Gouvernement de Sa Majesté Britannique, en faisant droit aux observations qu'elle lui avait présentées.

Veillez, &c.
(Signé) MOUSTAPHA FEHMY.

Inclosure 2 in No. 1188.

Nous, Khédivé d'Egypte,
CONSIDÉRANT que par note du Ministère des Affaires Etrangères en date du 30 Mars, 1879, le Gouvernement Egyptien a consenti à rétablir le Contrôle-Général des Recettes et Dépenses de l'Etat sur les bases du Décret du 18 Novembre, 1876;
Considérant que le Gouvernement Anglais nous a proposé Mr. Baring en remplacement de Mr. Romaine, et que le Gouvernement Français nous a proposé M. de Blignières en remplacement de M. le Baron de Malaret;

Décrétons et promulguons:

Article 1^{er}. Le Contrôle-Général de Recettes et Dépenses de l'Etat est rétabli dans les conditions stipulées au Décret du 18 Novembre, 1876.

Art. 2. Mr. Baring est nommé Contrôleur-Général des Recettes.

Art. 3. M. de Blignières est nommé Contrôleur-Général de la Comptabilité et de la Dette Publique.

Art. 4. Nos Ministres des Affaires Etrangères et des Finances sont chargés, chacun en ce qui le concerne, de l'exécution du présent Décret.

Fait en notre Palais d'Ismaïlia, au Caire, le 4 Septembre, 1879.

Inclosure 3 in No. 1188.

Mr. Lascelles to Moustapha Pasha Fehmy.

M. le Ministre,

Cairo, September 4, 1879.

I HAVE the honour to acknowledge the receipt of your Excellency's note of to-day's date, inclosing a copy of the Decree by which His Highness the Khedive has appointed Messrs. Baring and de Blignières as Controllers-General under the Decree of the 18th November, 1876.

As it might be understood, from the concluding portion of your Excellency's note, that Mr. Wilson had been suggested by Her Majesty's Government for the post of Controller-General of Receipts, as successor to Mr. Romaine, I feel it to be my duty, in order to prevent the possibility of any misunderstanding, to remind your Excellency that there has not at any time been a question of the appointment of Mr. Wilson as Controller-General, Her Majesty's Government having from the first designated Mr. Baring as the person whom they wished to be appointed by His Highness to the post in question.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1189.

Mr. Egerton to the Marquis of Salisbury.—(Received September 11.)

(No. 573.)

My Lord,

Vienna, September 8, 1879.

ON the receipt of your Lordship's telegram No. 123, I wrote to Baron Calice the inclosed letter, and to-day saw him at his office.

He began by dwelling on the position of the mortgagees secured before the 2nd February.

I did not follow him here; I only told his Excellency that, as far as I understood the matter at issue, the Austrian Government wanted to make a *sine quâ non* condition of all mortgages prior to the 3rd February being paid in full, while Her Majesty's Government said they would not go into the question at all of who was or was not to be paid in full.

He then said he would send for Rothschild to-morrow, and told me to come to him on Thursday.

I think (but he told me not to report home anything definite) that he considers the mortgage creditors previous to the 3rd February sufficiently protected, and does not hold to interfering in the details of liquidation any more than Her Majesty's Government.

I have, &c.
(Signed) EDEN W. EGERTON.

Inclosure in No. 1189.

Mr. Egerton to Baron Calice.

(Private.)

Dear Baron Calice,

Saturday Evening.

I GOT a telegram this afternoon from Lord Salisbury, dwelling on the fact that Her Majesty's Government has always declined the task of determining what proportion of their claims is to be paid to each creditor, or class of creditors, of Egypt; they do not feel competent to decide as to what particular class should or should not be paid in full, and are consequently unable on this subject to offer the Khedive any recommendation, though they are willing to recommend him to submit the question to any proper constituted Court or Commission, and to take steps that the loan money shall be in safe keeping until that question be decided, but further they decline to go.

As far as I can understand, my Government considers the details of the liquidation as outside the functions of diplomacy, and are unable to take an active part in enforcing a particular plan of liquidation which is not the result of a judicial decision

or of a previous agreement, though they can take part in setting up a Tribunal of Liquidation, who will consider the details, &c.

(Signed) E. H. EGERTON.

No. 1190.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 11.)

(No. 129.)

(Telegraphic.)

Cairo, September 10, 1879.

I HAVE sent following to Sir H. Layard:—

"With reference to your telegram of 27th ultimo, Viceroy understands that he is still expected by the Sultan to pay his visit to Constantinople at once.

"Viceroy is afraid that an application from him to defer his visit might be taken as a want of respect to the Sultan, and His Highness would therefore be glad if it could be arranged that the Sultan should inform him that, in view of present state of affairs in Egypt, the visit should be postponed."

No. 1191.

Mr. Adams to the Marquis of Salisbury (Dieppe).—(Received September 11.)

(No. 143.)

(Telegraphic.)

Paris, September 11, 1879, 4.45 P.M.

I HAVE spoken to M. Waddington in the sense of your Lordship's letter of yesterday, stating that Austrian Government would certainly not accept Blignières' proposition, and that the registered creditors had only a lien on part of the domains. M. Waddington merely said that this latter fact was new to him, and that he would consider the subject.

No. 1192.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1160.)

Sir,

Foreign Office, September 11, 1879.

I HAVE received your Excellency's despatch No. 745 of the 20th ultimo, reporting that M. Fournier had consented to withdraw his note to Safvet Pasha in regard to the postponement of the Khedive's visit to Constantinople to receive investiture from the Sultan, and that you had in consequence likewise withdrawn your note on the same subject.

I have to inform your Excellency that your proceedings are approved by Her Majesty's Government.

I am, &c.
(Signed) SALISBURY.

No. 1192.*

Mr. Egerton to the Marquis of Salisbury.—(Received September 12.)

(Telegraphic.)

Vienna, September 11, 1879.

AUSTRIAN Under-Secretary of State for Foreign Affairs agrees, without entering into question of details of liquidation, to the Decree that proceeds of the loan be handed over to the Caisse of the Public Debts, in trust, as already proposed.

Misunderstanding arose from proposal made here, through Rothschild, being understood to affect position of mortgagees' priority to the 3rd February.

No. 1193.

Mr. Adams to the Marquis of Salisbury.—(Received September 13.)

(No. 947. Confidential.)

My Lord,

Paris, September 11, 1879.

YOUR Lordship telegraphed to me to-day from Dieppe to speak to M. Waddington with reference to the present state of things as regards the creditors who had, previous to the 3rd February, registered claims on the domains in Egypt pledged to Messrs. de Rothschild.

I said to M. Waddington confidentially this afternoon that your Lordship did not consider that the Austrian Government would agree to the proposition put forward by M. de Blignières, as stated in my Most Confidential despatch No. 943 of the 9th instant; also that these registered creditors had a legal claim on which the Austrian Government would insist; but I explained that the creditors in question had not a lien upon the whole of those domains, but only upon a portion which would be insufficient to satisfy their claims, and that therefore, if they foreclosed,* those creditors would only be paid, according to priority of inscription, up to the amount realized by the sale of the said portion. The Austrian proposal that they should have a lien on the whole domains was, therefore, unjust.

M. Waddington said that this view was new to him, and that he would consider the matter.

I have, &c.
(Signed) F. O. ADAMS.

No. 1194.

Mr. Adams to the Marquis of Salisbury (Dieppe).—(Received September 13.)

(No. 144.)

(Telegraphic.)

Paris, September 13, 1879, 6.30 A.M.

IN a letter received late last evening, M. Waddington begs me to tell your Lordship that, upon mature consideration, and after having conferred with Rothschild, he agrees with your view of the position of the registered creditors. He is ready to allow foreclosure by the holders of mortgages previous to the 3rd February, and says Rothschild makes no objection. His Excellency thinks this to be decidedly the fairest plan to all parties, and adds that it will show respect for decision of Egyptian Courts of Law. M. Waddington wishes for your Lordship's opinion as to form of answer to Austrian proposal.

No. 1195.

The Marquis of Salisbury to Mr. Adams.

(No. 151.)

(Telegraphic.)

Dieppe, September 13, 1879.

IT is for Messrs. Rothschild to determine whether they will press for the Decree they have proposed now, or wait till the estates under mortgage have been sold under foreclosure. We should acquiesce in either course.

No. 1196.

The Marquis of Salisbury to Mr. Adams.

(No. 1154.)

Sir,

Foreign Office, September 13, 1879.

I HAVE to inform you that it is for the Messrs. Rothschild to determine whether they will press for the Decree which they have proposed now, or whether they will prefer to wait until the estates which are burdened with mortgages have been sold by the process of foreclosure.

Her Majesty's Government would acquiesce in whichever of these two courses is adopted by Messrs. Rothschild.

I am, &c.
(Signed) SALISBURY.

No. 1197.

Mr. Adams to the Marquis of Salisbury.—(Received September 14.)

(No. 952. Confidential.)

My Lord,

Paris, September 13, 1879.

HAVING to write privately to M. Waddington, yesterday morning, upon another matter, I took the opportunity of reverting to our conversation of the day before, respecting the Austrian proposal as to the creditors in Egypt who had registered mortgages previous to the 3rd February.

I stated that your Lordship's argument was that these creditors did not put their mortgages on the whole of the lands, but only on a portion which is quite insufficient to discharge their claims, and that, therefore, it would be clearly unjust to treat them as Austria proposes, viz., as having a lien on the whole.

I requested his Excellency, as time pressed, to let me know, at his early convenience, if he agreed to your Lordship's view in this respect.

The answer came late yesterday evening. M. Waddington begs me to inform your Lordship that, upon mature consideration, and after having conferred with Baron Alphonse de Rothschild upon the matter, he agrees with your view of the position of the creditors registered previous to the 3rd February, and he is ready to allow them to foreclose.

His Excellency adds that there is no objection to this course on the part of Messrs. de Rothschild, and that he himself is of opinion that it is decidedly the fairest plan, as regards all parties, and that it will moreover show a respect for the decisions of the Egyptian Courts of Law.

M. Waddington also requests me to consult your Lordship as to the form in which the English and French Governments should answer the Austrian proposal.

In conformity with your Lordship's desire, expressed to me in your telegram of the 11th instant, I have this morning telegraphed to you, at Dieppe, the substance of M. Waddington's answer to me, as above reported.

I have, &c.
(Signed) F. O. ADAMS.

No. 1198.

The Marquis of Salisbury to Mr. Lascelles.

(No. 55.)

(Telegraphic.)

Foreign Office, September 15, 1879, 5.30 P.M.

MESSRS. ROTHSCHILD will now advise Khedive to propose to Representatives of the Powers at Cairo the Decree respecting domains, of which draft was inclosed in your despatch No. 394, with Additional Article, forwarded to you in my despatch No. 248.

Her Majesty's Government are willing to agree, and have urged other Powers to instruct their Agents at Cairo in same sense.

No. 1199.

*The Marquis of Salisbury to Sir J. Walsham.**

(No. 52.)

(Telegraphic.)

Foreign Office, September 15, 1879, 6 P.M.

MESSRS. ROTHSCHILD will advise Khedive to propose to Representatives of the Powers at Cairo the Decree respecting domains, of which the draft has already been communicated to the Powers, with an Additional Article providing that balance of the Rothschild Loan should be paid over to Commission of Public Debt for disposal

* Similar telegrams were sent to Mr. Egerton, Mr. Macdonell, and Mr. Adams.

according to instructions of Commission of Liquidation, or of the Khedive with the concurrence of the Powers.

Copy of the Decree will be sent to you to-night by post.

Urge Government to which you are accredited to instruct their Agent at Cairo to agree.

No. 1200.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 15, 7 P.M.)

(No. 130.)

(Telegraphic.)

Cairo, September 15, 1879, 6 P.M.

RIAZ PASHA informs me that the negotiations for his return to office are practically concluded. The only difficulty now is the choice of the Minister of Finance, but it is possible that his Excellency may himself accept the post *ad interim* in addition to the posts of President of the Council and Minister of the Interior.

The basis on which the new Ministry will be formed will be the Rescript of the 28th August, last year, with slight modifications, which would allow Viceroy, under certain circumstances, to convoke Council and preside at it himself.

No. 1201.

*The Marquis of Salisbury to Mr. Adams.**

(No. 1158.)

Sir,

Foreign Office, September 15, 1879.

YOU are aware that the negotiations with regard to the proposed Decree protecting from seizure the Daïra lands ceded by the Khedive as security for the recent Egyptian loan have resulted in a proposal for the addition of an Article providing that the balance of the loan shall be paid over to the Commissioners of the Public Debt for disposal according to the instructions of the Commission of Liquidation, or, failing such a Commission, according to the instructions of the Khedive with the concurrence of the Powers.

It is believed that this proposal meets the objections raised by the Austrian and some other Governments to the Decree, and that they are now prepared to acquiesce in its issue.

Messrs. Rothschild will accordingly advise the Khedive to propose to the Representatives of the Powers at Cairo the issue of the Decree in the form already communicated to the Powers, with an Additional Article in the sense proposed.

I transmit to you herewith a copy of the Decree as thus amended, and I have already requested you by telegraph to urge upon the French Government that they should at once instruct their Agent at Cairo to agree to it in its present shape.

I have, &c.
(Signed) SALISBURY.

Inclosure in No. 1201.

Draft of Decree.

CONSIDÉRANT qu'à la date du 31 Octobre, 1878, un emprunt de la somme nominale de 8,500,000L. a été contracté au nom de l'Etat par les soins de MM. N. M. Rothschild and Sons, à Londres, et de Rothschild Frères, à Paris;

Considérant que pour donner suite au Décret du 26 Octobre dernier et répondre à la commune intention des parties, il y a lieu de prendre les dispositions nécessaires en vue de réserver les biens cédés par notre famille à la garantie spéciale et exclusive de cet emprunt;

Avons décrété et décrétons :

Article 1^{er}. Jusqu'au complet amortissement de l'Emprunt Domanial, les biens cédés par notre famille à l'Etat seront insaisissables et ne pourront être aliénés que

* Similar despatches were also addressed to Sir J. Waisham, Mr. Egerton, and Mr. Macdonell.

par les Commissaires des domaines dans les conditions prévues par les Conventions intervenues ou à intervenir entre le Gouvernement et MM. de Rothschild.

Art. 2. Après la radiation des inscriptions hypothécaires antérieures à celles prises par MM. de Rothschild à la date des 2 et 3 Février dernier, ces biens seront et demeureront affranchis de toute action résolutoire ou en revendication, et de tous droits réels de quelque nature que ce soit, à l'exception de ceux conférés aux souscripteurs de l'emprunt, pour rester spécialement et exclusivement affectés à la garantie des intérêts et de l'amortissement du dit emprunt.

Art. 3. Pour donner une garantie que le solde disponible de l'Emprunt Domanial sera entièrement employé au règlement de la Dette Egyptienne, le Gouvernement Egyptien délègue dès à présent à la Commission de la Dette Publique tous ses droits sur les sommes dont il peut encore disposer sur le produit de l'Emprunt Domanial en exécution des Conventions intervenues entre lui et les maisons de Rothschild.

En conséquence, MM. de Rothschild devront accepter comme bonnes et valables décharges les quittances qui leur seront données par la Commission de la Dette en échange des versements qu'ils seront dans le cas de lui faire en exécution de leurs contrats.

La Commission de la Dette Publique conservera les sommes ainsi versées par MM. de Rothschild en qualité de sequestres, pour n'en disposer que suivant les instructions qui lui seront données par la Commission de Liquidation qui sera constituée en vertu d'un accord international; et à défaut de cette Commission, suivant les instructions qui lui seront données par le Khédive avec le concours des Puissances.

No. 1202.

The Marquis of Salisbury to Mr. Lascelles.

(No. 251.)

Sir,

Foreign Office, September 15, 1879.

I HAVE this day informed you by telegraph that Messrs. Rothschild are about to advise the Khedive to propose to the Representatives of the Powers in Egypt the issue of the Decree protecting the Daïra lands from seizure, in the shape in which it was originally drafted, but with the addition of the Article copy of which was forwarded to you in my despatch No. 248 of the 5th instant.

Her Majesty's Government are willing to agree to the Decree in this form, and they have requested the Governments of Austria, France, Germany, and Italy to send instructions in the same sense to their Agents at Cairo.

I am, &c.
(Signed) SALISBURY.

P.S.—I inclose, for your convenience, two copies of the draft Decree.

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No. 1203.

Sir A. H. Layard to the Marquis of Salisbury.—(Received September 16.)

(No. 793.)

My Lord,

Therapia, September 2, 1879.

ON the 27th ultimo I telegraphed to Mr. Lascelles, in answer to a telegram from him suggesting that the French Ambassador and myself should explain to the Sultan the reasons which rendered necessary a further postponement of the Khedive's visit, that Safvet Pasha had given an explicit assurance to the Ambassador of France that the Khedive might delay his visit to Constantinople as long as he might think it necessary in the interest of Egypt to do so. I added that I should ask his Highness to make the same declaration to me, and that M. Fournier agreed with me in thinking that, under the circumstances, it would be better for us not to make any request or representation to the Sultan on the subject.

I accordingly asked Safvet Pasha yesterday to confirm to me what he had stated to my French colleague. He had no hesitation in doing so, assuring me that as long as the state of affairs in Egypt, and the arrangements that were in progress between

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the Khedive and the European Powers, rendered His Highness' absence inadvisable; it would not be necessary for him to come to Constantinople.

There was no reason why his visit should not be further delayed.

I have, &c.
(Signed) A. H. LAYARD.

No. 1204.

Mr. Egerton to the Marquis of Salisbury.—(Received September 16.)

(No. 581.)

My Lord,

Vienna, September 11, 1879.

I CALLED on Baron Calice to day by appointment, and I then learnt from him that the Austrian Government were willing to agree, without entering any more than your Lordship into the details of the liquidation, that the proceeds of the Rothschild Egyptian Loan be made over to the "Caisse de la Dette Publique," to be applied to its original purposes under the control of a Commission there as the Powers shall agree.

The Rothschilds' proposal made to the Austrian Government gave rise to a fear on the part of the latter that the rights of the mortgagees secured prior to the 3rd February might be imperilled; but when Baron Calice learnt that there was no fresh proposal made by your Lordship with respect to liquidation all objections on his part disappeared.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1205.

Mr. Adams to the Marquis of Salisbury.—(Received September 16.)

(No. 958. Confidential.)

My Lord,

Paris, September 15, 1879.

I COMMUNICATED to M. Waddington to day your Lordship's telegram of 4 P.M. of the 13th instant, to the effect that it was for Messrs. de Rothschild to determine whether they will at once press for the Decree respecting their loan, or wait till the estates on which creditors had registered mortgages prior to the 3rd February were sold.

I further pointed out to M. Waddington that, as I understood from your Lordship, difficulties might arise in this wise, viz., some of the creditors in question may have accumulated their liens upon particular estates which are insufficient to pay their claims in full, whilst others may have spread their liens on a large amount of the Domain lands. If this were so, and it were proposed that the Decree should specifically exempt all the lands upon which these creditors had registered mortgages before the 3rd February, it might turn out that so much of the whole lands would be foreclosed as to leave behind an insufficient security for the entire interest of the loan.

M. Waddington said that Baron Alphonse de Rothschild had already informed him that he had telegraphed to Cairo to ascertain exactly how this matter stood, and therefore, his Excellency added, until the real facts were ascertained as to the extent of the security of these creditors, the question of what was to be done must remain in abeyance.

His Excellency said that when he had received the necessary information he would talk the whole matter over with me.

I have, &c.
(Signed) F. O. ADAMS.

No. 1206.

Mr. Adams to the Marquis of Salisbury.—(Received September 17.)

(No. 145.)
(Telegraphic.)

Paris, September 16, 1879.

WITH reference to your despatch No. 1158, French Government accept Decree with Additional Article, but they delay instructions to French Agent at Cairo until they learn from Her Majesty's Government, who make the proposition, that it is certain that the Austrian and other Governments no longer raise objections to Decree as thus amended, and are prepared to acquiesce in its issue.

M. Waddington says that he makes the above reservation because he has had no intimation from the Austrian Government that they no longer object.

No. 1207.

Mr. Egerton to the Marquis of Salisbury.—(Received September 17.)

(No. 151.)
(Telegraphic.)

Vienna, September 16, 1879.

WITH reference to your telegram of yesterday, I have the honour to inform your Lordship that the Austrian Government will send telegraphic instructions tomorrow to their Agent at Cairo to agree to Decree.

They will inform German and Italian Governments that they have done so.

No. 1208.

Mr. Macdonell to the Marquis of Salisbury.—(Received September 17, 4 P.M.)

(No. 77. Secret.)
(Telegraphic.)

Rome, September 17, 1879, 1 P.M.

I LEARN that the object of Count Maffei's late visit to Naples was to enlist support of Ismail Pasha in inducing the Viceroy of Egypt to admit Italy to more prominent part in the affairs of Egypt.

I have likewise reason to believe that Ismail Pasha occasionally forwards him secret correspondence through the Italian Agent.

No. 1209.

Mr. Adams to the Marquis of Salisbury.—(Received September 18.)

(No. 962.)
My Lord,

Paris, September 16, 1879.

WITH reference to your Lordship's telegram of 6 P.M., and to your despatch No. 1158, both of yesterday, I have the honour to report that M. Waddington told me this afternoon that the French Government accept the Decree protecting from seizure the Domain lands which have been pledged as security for the recent Egyptian Loan, with the addition of the Article as mentioned in your Lordship's despatch.

M. Waddington, however, said that he would delay instructing the French Agent at Cairo to agree to the Decree in this amended shape until he had learnt from Her Majesty's Government, from whom the proposition came, and who were doubtless making it to the Austrian and other Governments, that these Governments had no longer any objections to put forward, and would acquiesce in the issue of the Decree as now proposed to be amended.

M. Waddington informed me that the reason of his making the above reservation was that he had received no information from the Austrian Government that they no longer persisted in their objection to the Decree being issued without an Article specially reserving the rights of the creditors who had registered mortgages prior to the 3rd February. He must know this for certain, he said, before he could act.

I could only observe, in the words of your Lordship's despatch, that it was believed

that the present proposal does meet the objections previously raised by the Austrian Government.

I have, &c.
(Signed) F. O. ADAMS.

No. 1210.

Mr. Adams to the Marquis of Salisbury.—(Received September 18.)

(No. 963.)

My Lord,

Paris, September 16, 1879.

WITH reference to my immediately preceding despatch, I have the honour to report that when I arrived at the Ministry for Foreign Affairs this afternoon I found Baron Alphonse de Rothschild with M. Waddington, and he was present at our interview.

Baron A. de Rothschild told me that what his house particularly desired was that the Decree should be issued without any further delay.

I asked him whether he had ascertained upon what parts of the Domain Estate the creditors who had registered mortgages prior to the 3rd February had their liens.

He answered that he did not as yet know accurately how this was, but that some of these creditors, as he was informed, had liens on houses, others on lands as well.

I have, &c.
(Signed) F. O. ADAMS.

No. 1211.

Sir J. Walsham to the Marquis of Salisbury.—(Received September 18.)

(No. 60.)

(Telegraphic.)

Berlin, September 17, 1879.

YOUR Lordship's telegram No. 52.

German Government will instruct their Representative at Cairo to agree to the amended form of the Decree respecting domains, on the understanding that the mortgages of date prior to the 3rd February last are to be entitled to payment in full, and that the balance of the Rothschild Loan is to be devoted to the settlement of the floating debt.

I told Minister for Foreign Affairs that I had every reason to suppose payment of these mortgages in full was intended, but that it was not a point upon which I imagined Her Majesty's Government would feel they were called upon either to come to a decision, or to offer any recommendation to the Khedive. As regards the disposal of the balance of the loan, I said that there appeared to be little doubt that it was to be entirely employed in the settlement of the Egyptian debt.

I gave his Excellency, confidentially, this morning a copy of the proposed Additional Article to the Decree, and after reading it with the original draft of the Decree, he seemed to think that the Decree as it now stands would fully meet the views of the German Government, both as regards mortgages and the disposal of the balance; but I have no doubt that the instructions to the German Agent at Cairo will contain the two conditions I have mentioned.

No. 1212.

*The Marquis of Salisbury to Sir J. Walsham.**

(No. 480. Confidential.)

Sir,

Foreign Office, September 18, 1879.

I TRANSMIT to you herewith, for your information, copy of a memorandum respecting the position, as to preferential payment, of the holders of mortgages on the Daira lands prior to the 3rd February.†

I am, &c.
(Signed) SALISBURY.

* A similar despatch was addressed to Mr. Adams.

† This memorandum is substantially the same as the despatch to Mr. Egerton No. 587 of the 10th September: see ante, No. 1184.

No. 1213.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 19.)

(No. 507. Political.)

My Lord,

Cairo, September 10, 1879.

MUSTAFA PASHA FEHMY came to see me to-day to speak to me about the Khedive's visit to Constantinople. His Excellency said that the Khedive had reason to believe that the Sultan still expected him to go to Constantinople immediately after the Ramadan fast, which expires on the 18th instant, and that His Highness was afraid that, if he were himself to apply for a postponement of the visit, it might be regarded at Constantinople in the light of a want of respect to his Suzerain.

This His Highness was anxious to avoid, and he had therefore desired Mustafa Pasha to state that he would be glad if the matter could be arranged in such a manner that the Sultan should himself inform him that, considering the present unsettled state of affairs in Egypt, it would be advisable to postpone the visit until a more propitious moment.

I have communicated the above to Sir Henry Layard, referring his Excellency to his telegram to me of the 27th ultimo on this subject.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1214.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 19.)

(No. 36. Slave Trade.)

My Lord,

Cairo, September 11, 1879.

I HAVE the honour to inclose two statements, showing the revenues and debts of the Soudan, together with a sketch map of the country, which have been sent to me by Gordon Pasha.

According to these statements the official revenues of the Soudan amount to 515,632l., and the expenditure to 460,703l., thus leaving a surplus of 54,929l. The debt of the Soudan amounts to 211,413l., against which may be set off a sum of 24,952l. which is owed to the Government of the Soudan.

Gordon Pasha urges very strongly that until this debt is cleared off the Soudan should not be called upon to furnish any money to the Egyptian Treasury. He points out that any demand for money from the Soudan will lead to bad government, and will eventually end in troubles, and suggests that, if the Egyptian Government should be of opinion that the Soudan should supply funds to Cairo, the accounts should be re-examined and a decision taken after such an examination.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1214.

DETTES du Gouvernement du Soudan aux Particuliers et les Dettes des Particuliers au Gouvernement.

Mudirats.					Gouvernement doit.	Particuliers doivent au Gouvernement.	Possible de recouvrir.
					£	£	£
Kartoum	..	..	Kartoum	..	126,329	3,934	3,934
			Katarif	..	1,020	..	..
			Tashoda	..	..	..	..
Berber	..	..	Berber	..	5,524	464	464
Dongola	..	..	Dongola	..	2,667	61	61
Sumaar	..	..	Sumaar	..	8,152	2,062	2,062
Fazolic	..	..	Fazolic	..	944	..	..
Massowa et Suakin. .	..	..	Massowa	..	1,127	784	784
			Suakin	..	9,670	6,388	6,388
			Senhut	..	..	..	..
Taka	..	..	Kasala	..	13,578	998	998
			Amadef	..	2,944	..	..
			Galabat	..	2,635	..	..
Kordofan	..	..	Obeid.	..	26,479	9,932	9,932
Shaka	..	..	Shaka	..	..	..	..
Darfour	..	..	Fasher et Dara ..	..	..	..	..
			Kolkol	..	..	..	..
Equator	..	..	Sardo	..	..	..	..
			Makraka	..	..	..	..
			Rolh	..	..	..	..
Red Sea Province ..	..	..	Harar	..	6,011	..	..
			Zeila et Berberah	..	1,257	..	..
Wadi Halfa	..	..	Chemin de fer ..	..	2,067	..	..
Total .. ..	..	..	.. ..	..	211,413	24,952	24,952

£

Le Gouvernement du Soudan doit 211,413

Particuliers le doivent 24,952

Le 25 Juillet, 1879. (Signé) C. E. GORDON.

Inclosure 2 in No. 1214.

RECEIPTS and Expenditure of Soudan.

Mudirats.				Receipts.	Expenditure.	Excess.	Deficit.	Taxes by Law.	Taxes taken.	Taxes possible to take.	Taxes improper to take.
				£	£	£	£	£	£	£	£
Kartoum	..	..	Kartoum	96,831	100,950	..	4,115	..	..	..	..
			Katarif	3,066	4,162	..	1,095	..	..	..	..
			Tashoda	19,105	22,033	..	2,928	..	..	..	..
Berber	..	..	Berber	51,809	16,569	35,237	..	..	..	..	..
Dongola	..	..	Dongola	63,830	10,451	53,379	..	..	..	..	..
Sumaar	..	..	Sumaar	39,258	17,172	22,085	..	..	..	..	..
Fazolic	..	..	Fazolic	14,114	3,315	10,798	..	..	..	..	..
Massowa, Suakin, and Senhut	..	..	Massowa	18,495	17,059	1,408	..	..	..	..	..
			Suakin	20,198	12,834	7,364	..	..	..	..	..
			Senhut	1,200	4,667	..	3,467	..	..	..	..
Taka	..	..	Kasala	56,806	28,046	28,759	..	..	..	..	..
			Amadef	3,319	7,669	..	4,349	..	..	..	..
			Galabat	2,656	8,489	..	5,832	..	..	..	..
Kordofan	..	..	Obeid	80,085	44,139	35,945	..	..	..	..	..
Shaka	..	..	Shaka	..	3,324	..	3,324	..	..	..	..
Darfour	..	..	Fasher and Dara ..	..	30,058	..	30,058	..	..	..	..
			Kolkol	..	11,998	..	11,998	..	..	..	..
Equator	..	..	Lardo	..	20,308	..	20,308	..	..	..	..
			Makraka	..	4,494	..	4,494	..	..	..	..
			Rolh	..	6,294	..	6,294	..	..	..	..
Red Sea	..	..	Harar	33,213	44,056	..	10,843	..	..	..	..
			Zeila and Berberah	7,574	22,291	..	14,717	..	..	..	..
			Railway	4,096	14,020	..	9,924	..	..	..	..
			Bahr Gazette	..	9,291	..	6,294	..	..	..	..
Total .. ..	..	..	.. ..	515,632	460,703	194,978	140,049	..	..	..	..

£

Receipts 515,632

Expenditure 460,703

Surplus 55,829

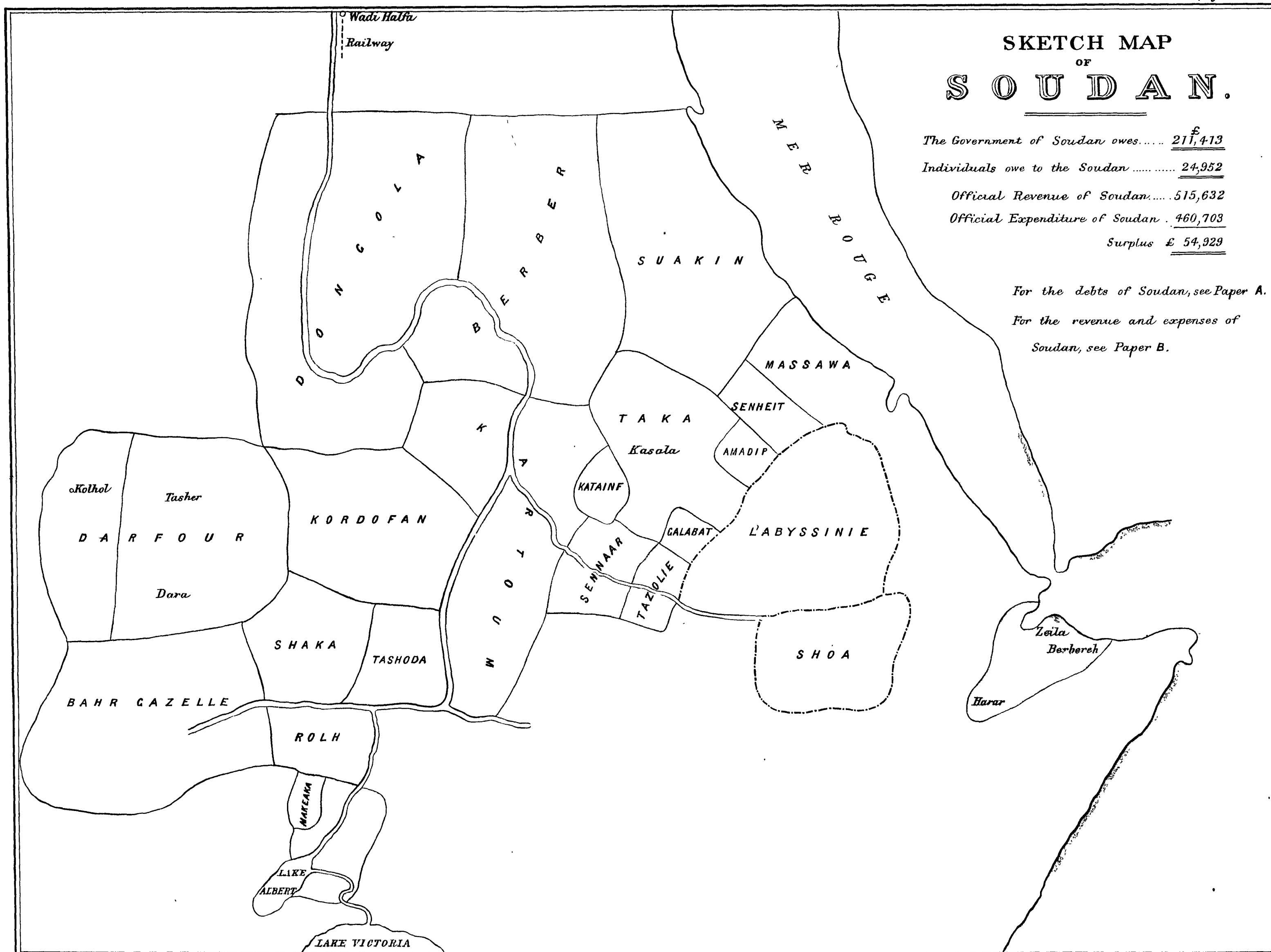
July 25, 1879. (Signed) C. E. GORDON.

SKETCH MAP OF S O U D A N .

The Government of Soudan owes..... £ 211,413
 Individuals owe to the Soudan 24,952
 Official Revenue of Soudan..... 515,632
 Official Expenditure of Soudan . 460,703
 Surplus £ 54,929

For the debts of Soudan, see Paper A.

For the revenue and expenses of
 Soudan, see Paper B.



Inclosure 3 in No. 1214.

[*Sketch Map of Soudan.*]

No. 1215.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 19.)

(No. 508. Political.)

My Lord,

Cairo, September 12, 1879.

WITH reference to my despatch No. 416 of the 15th July last, I have the honour to transmit herewith a translation of the report of the British Vice-Consul at Damietta on the administration of the Province of Dakahliah, which I have just received from Her Majesty's Acting Consul at Alexandria.

I have, &c.

(Signed) FRANK C. LASCELLES.

Inclosure in No. 1215.

Report by Vice-Consul Surur, of Damietta, on the Administration of the Province of Dakahliah.

(Translation.)

THERE is a falling-off in the position of the villagers, for the reasons which will be given; and, besides, the crops this year are short, for want of means of cultivation, animals, and money.

All kinds of taxes have been levied in advance for the year 1879; some have been received for the whole year, others for two-thirds, and others for half a-year. This arises from the Government constantly applying to the Mudirs for a fixed amount in Egyptian sovereigns; the tax-gatherers, therefore, put forth all their energy to encash the sum demanded, according to the means of the fellah; and, for this reason, the taxes levied are for the whole, two-thirds, or half-year.

The majority of cultivators, in order to pay these demands, are thereby constrained to sell their produce to merchants and others in anticipation of the crop, or to borrow money at interest. For instance, they sell to merchants and others cotton of good quality at from 2*l.* to 1*l.* 12*s.* per cantar, and rice, in the husk, for 4*l.* per dariba of 20 cantars, while this quality of rice was sold this year at 6*l.* 10*s.* to 7*l.* 5*s.* per dariba; and the time for delivery of the crop is in six to eight months, and so forth for other produce. And those who borrow money at interest (said to be from 5 to 6 per cent. per month), or who sell their crops in anticipation, are obliged to mortgage their landed property, through the medium of the Mixed Tribunals, which sell the lands if the peasant does not pay at the expiration of the term. Others, being unable to meet the renewed demands of the Government, are obliged to sell their lands to third parties at a comparatively low price, through the Mixed Tribunals; the property is then inscribed at the Moudiriah in the name of the new purchasers, who not only do not pay the wretched price of the land, but rent them to the sellers themselves; and the rent thus paid is equivalent in three or four years to the value paid for the lands.

No extraordinary taxes, forced loans, or voluntary contributions in this year 1879 have been heard of.

With respect to the Moukabalah for the present year, it has partly been levied by force.

The collectors of the Maamour Tahsilat tax, as is their custom, abuse their powers, but so secretly that it cannot be proved, although well known to exist.

Few of the Europeans and European-protected subjects holding landed property pay all the taxes required by Government; those who pay do so to avoid complaints being made against them, and trouble being given to their superiors. The greater number of these Europeans and protégés decline to pay several of these taxes which are unjust; the taxes are therefore passed to their debit in the registers, in which they remain figuring as debtors.

Corvée.—For some months past nothing has been heard in this matter.

Military Service.—The law for military levying has always been according to age; for a long time past there have not been any new levies, but those who were discharged,

Austrian Government, which was tantamount to a proposal for an international administration of Egypt, was in its nature impracticable.

I am, &c.
(Signed) SALISBURY.

No. 1220.

Mr. Adams to the Marquis of Salisbury.—(Received September 20.)

(No. 966.)

My Lord,

Paris, September 18, 1879.

ON receipt yesterday afternoon of your Lordship's telegram No. 156, I at once informed M. Waddington that a telegram from Her Majesty's Chargé d'Affaires at Vienna to your Lordship stated that the Austrian Government would instruct their Agent at Cairo to agree to the proposed Decree respecting the Rothschild Loan, with the Additional Article, and would inform the Governments of Germany and Italy that they had done so.

This afternoon M. Waddington told me that he was going to telegraph to the French Agent at Cairo that the French Government accepts, in common with the English and Austrian Governments, the Decree with the Additional Article, and that he should at the same time instruct M. Monge to inform the Khedive thereof immediately.

M. Waddington said that he adopted this form because Messrs. Rothschild at Paris declared that they could not take the initiative in proposing to the Khedive an Additional Article to the original Decree, which Article did not really concern them, though it appears that they do not object to advise His Highness "officusement" to take the necessary measures for giving effect to the Decree if presented by the Powers in its amended state.

I remarked that the houses of Rothschild in London and Paris seemed to differ in the matter, but that I would telegraph what his Excellency had told me to your Lordship.

I have, &c.
(Signed) F. O. ADAMS.

No. 1221.

Major Baring to the Marquis of Salisbury.—(Received September 20.)

My Lord,

15, Seymour Street, London, September 20, 1879.

I HAVE the honour to acknowledge the receipt of your Lordship's letter of yesterday's date, inclosing copy of a Decree, issued by His Highness the Khedive, appointing me, upon the recommendation of Her Majesty's Government, to be Controller-General of Receipts in Egypt.

Although the Decree simply re-establishes the Control in the same form as that in which it was instituted in November 1876, I understand that provision is subsequently to be made for limiting the duties of the Controllers-General to the inspection of all matters relating to the financial affairs of Egypt, and to advising thereon. The executive powers conferred on the Controllers by the Decree of the 18th November, 1876, are to remain in abeyance. It is on this understanding that I accept the appointment.

The 15th Article of the Decree of the 18th November, 1876, provides that the "Controllers-General are to be nominated for five years." I have, however, verbally explained to your Lordship that I am not prepared to remain in Egypt for so long a period, and that, so soon as the immediate financial difficulties of the moment are settled, I shall request that some one else be named to take my place.

I have received no communication from the Egyptian Government on the subject of my pay and allowance, but I conceive that they will be the same as those of Mr. Romaine and the Baron de Malaret, viz., 4,000*l.* a-year, and a sum of 500*l.* on appointment to cover the expense of moving, &c. Your Lordship may perhaps think it advisable to make inquiries of the Egyptian Government on this point, as it would obviously place my colleague and myself in a disagreeable and undignified position if, after we had entered on our duties, any dispute arose between us and the Egyptian Government on a personal question of this kind.

I note your Lordship's wish that I "should make arrangements to proceed to Egypt and enter upon my duties with the least possible delay." Your Lordship is already aware that both my French colleague and myself attach the utmost importance to the immediate appointment of an International Commission, having legislative powers to regulate the financial affairs of Egypt. I venture to delay my departure for a few days until I shall have heard from your Lordship the result of the negotiations now pending on this subject.

I have, &c.
(Signed) EVELYN BARING.

No. 1222.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 21.)

(No. 131.)

(Telegraphic.)

Cairo, September 20, 1879.

I HAVE sent following figures to Constantinople:—

"Viceroy has received a telegram from his Agent at Constantinople giving the following account of the language held to him by Safvet Pasha:—

"Certain Ambassadors have informed me that the Viceroy was very desirous of coming to Constantinople, but that important affairs prevented his doing so. I replied that there was no objection to His Highness concluding the urgent affairs and postponing his journey for a period of five or ten days. Having again seen Ambassadors, they repeated what they had previously said, and added as follows: It having been written from here that if His Highness put off his arrival at Constantinople, the Sultan would be displeased, their Consuls in Egypt had requested that the Viceroy might be informed that His Majesty would not take offence if the visit were postponed. I replied that it was a question which concerned Sultan and the Viceroy, and I thus terminated the conversation."

"Viceroy points out difference between language held by Safvet Pasha to the Ambassadors and that reported by Abraham Pasha to have been held to him.

"His Highness is most anxious not to give offence to the Sultan, who he is afraid may be somewhat displeased, as he has sent no answer to His Highness' letter."

No. 1223.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 21, 5 P.M.)

(No. 132.)

(Telegraphic.)

Cairo, September 21, 1879, 4:30 P.M.

THE Egyptian Cabinet has been reconstituted as follows:—Riaz Pasha, President of the Council, Minister of Interior, and, *ad interim*, of Finance; Fakri Pasha, Minister of Justice; Ali Pasha Moubarek, Minister of Public Works. No change has been made in the other Ministries.

No. 1224.

Mr. Egerton to the Marquis of Salisbury.—(Received September 22.)

(No. 594.)

My Lord,

Vienna, September 16, 1879.

I CALLED on Baron Calice to-day, and communicated to him the substance of your Lordship's telegraphic instructions, dated yesterday, ordering me to ask the Austrian Government to instruct their Agent at Cairo to agree, when it is submitted to them by the Khedive, to the Decree respecting the Domains, of which a draft has been already communicated to the Powers, together with the Additional Article, to the effect that the balance of the Rothschild Loan be paid over to the Caisse de la Dette Publique, for disposal according to the instruction of the Commission of Liquidation, or of the Khedive with the agreement of the Powers.

M. de Calice told me that telegraphic instructions would be sent to-morrow to Cairo in the sense desired by Her Majesty's Government, and that he would telegraph

to inform the Governments of Germany and Italy that the Austrian Government had assented to the proposed Decree.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1225.

Mr. Egerton to the Marquis of Salisbury.—(Received September 22.)

(No. 597.)

My Lord, Vienna, September 17, 1879.
WITH reference to Mr. Lascelles' despatches inclosed in your Lordship's Nos. 589 and 590 of the 9th instant, I asked Baron Calice yesterday whether the Egyptian Government had appointed an Agent here.

His Excellency said that a M. Keller had presented himself at the Ministry for Foreign Affairs, describing himself as charged with Egyptian interests; but these interests were of a commercial and in no way of a diplomatic character, and M. Calice told me that he gave M. Keller no encouragement to call again. The Egyptian Government had, he said, a similar Agent in Paris, and be believed elsewhere.

As to the suggestion that M. Keller's influence may have been for something in the difficulties which have been lately raised on the part of the Austro-Hungarian Government to the Rothschild Decree, I humbly venture to submit that, under the circumstances as stated by Baron Calice, M. Keller's influence here, if he possesses any, must be founded on some service which he may be able to render, and that I cannot think of any interest of the Austrian Government in Egypt or elsewhere which M. Keller would be in a position to advance.

Even if M. Waddington's statement be correct, viz., that most of the Egyptian creditors previous to the 3rd February are Austrian and German, the Austrian Government would have been aware of the fact before the arrival of M. Keller.

It is also possible that Austria may have taken upon herself the protection of German interests in Egypt, but that would be on a hint from Berlin, not from any arguments which M. Keller might have employed.

With respect to the common action of Germany, Austria, and Italy, which might be inferred from Baron Calice's statement yesterday that he would telegraph to Berlin and Rome, to announce the Austrian adhesion to the Decree, I may here mention that it is difficult to believe that it was, in the first instance, to oblige Italy that Austria put herself forward in this matter.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1226.

Sir J. Walsham to the Marquis of Salisbury.—(Received September 22.)

(No. 454.)

My Lord, Berlin, September 17, 1879.

IN obedience to the instruction contained in your Lordship's telegram of the 15th instant, I yesterday informed the Minister for Foreign Affairs that, with the view of meeting certain objections which had been raised to the original form of the Decree to be issued by the Viceroy of Egypt in connection with the Daira lands and the recent Rothschild Loan, it had been decided to add an Additional Article, providing that the balance of the loan shall be deposited with the Commissioners of the Public Debt, in order that it may be dealt with according to the directions of the Commission of Liquidation, or, in default of such Commission, in accordance with the instructions of the Khedive, with the concurrence of the Powers.

The Decree, in its amended form, would, by the advice of MM. Rothschild, be proposed by the Viceroy to the Representatives of the Powers at Cairo, and Her Majesty's Government hoped that the Representative of Germany would be instructed to agree to it.

Herr von Radowitz promised to give me an answer as to-day, and when I saw his Excellency this afternoon he told me that instructions in the sense desired by Her Majesty's Government would be sent to their Agent, on the understanding that the

mortgages on the Daira lands of a date prior to the 3rd February last would retain intact all the advantages they now possessed, and that the balance of the loan would be applied to the settlement of the floating debt.

I had no reason, I said, to suppose that there was any intention of dealing otherwise with these mortgages; but I did not imagine that this was a question on which Her Majesty's Government would consider they were required to come to a decision, or to offer any recommendation to the Viceroy, and that, as regards the disposal of the balance of the loan, there seemed to me to be little doubt that it was to be entirely applied to the Egyptian debt.

As I had received this morning from your Lordship the amended draft of the Decree, I thought it advisable to show it to the Minister for Foreign Affairs confidentially, and to give his Excellency a copy of the proposed Additional Article, in order that he might himself be able to form a perfectly accurate opinion of the proposals to be made by the Khedive to the Representatives of the Powers.

After reading the draft, Herr von Radowitz appeared to consider that the Decree, in its present form, would fully meet the views of the German Government in the matter of the mortgages and the disposal of the loan.

I fancy, however, that the instructions to be given to the German Representative in Egypt will contain the conditions to which I have already alluded, as regards the acceptance of the Decree.

I have, &c.
(Signed) JOHN WALSHAM.

No. 1227.

Sir J. Walsham to the Marquis of Salisbury.—(Received September 22.)

(No. 461. Confidential.)

My Lord, Berlin, September 20, 1879.

I HAVE the honour to acknowledge the receipt of your Lordship despatch No. 480 of the 18th instant, marked Confidential, and inclosing a memorandum respecting the position, as to preferential payment, of the holders of mortgages on the Daira Lands prior to the 3rd February last.

In my telegram No. 60 I stated that one of the conditions which the German Government would attach to their acceptance of the Decree to be issued by the Khedive in connection with the Rothschild Loan was that the above-mentioned mortgages were to be paid in full; and remembering that, as reported by Sir Henry Elliot in his Excellency's telegram No. 141 of the 3rd instant, Messrs. Rothschild had stated at Vienna that the payment of these claims in full was intended, I expressed to M. de Radowitz my belief that this intention would be carried out under the Decree of the Viceroy.

My impression, however, is that when M. de Radowitz alluded to the condition of payment in full, he meant simply that the holders of mortgages prior to the 3rd February were to be considered as entitled to not less than the full rights they at present enjoy, not that they were to claim better conditions as to payment than they would have been justified in claiming if the Decree did not exist; in other words that their vested rights, as regards the "inscriptions hypothécaires" registered previously to the Rothschild mortgage, should remain intact.

I am very glad to be in possession of the memorandum which your Lordship has forwarded to me, as if M. de Radowitz refers again to this question, as he probably will do, I shall be able to explain to him exactly how this matter stands, and to show that the Decree of the Viceroy, as originally framed, does expressly save the legal rights of the holders of the preferential mortgages.

I have, &c.
(Signed) JOHN WALSHAM.

No. 1228.

The Marquis of Salisbury to Mr. Adams.(No. 157.)
(Telegraphic.)*Foreign Office, September 22, 1879, 2.20 P.M.*

AS a fresh Decree will have to be issued by the Khedive to confer upon the Controllers-General the increased powers of inspection which they are in future to exercise, I would suggest that the two Controllers, when in Paris, should draft a Decree for the purpose.

No. 1229.

The Marquis of Salisbury to Mr. Adams.

(No. 1168.)

Sir,

Foreign Office, September 22, 1879.

AS it will be necessary that a fresh Decree should be issued by the Khedive conferring upon the English and French Controllers-General the increased powers of inspection which it is intended that they should exercise, I have suggested in a telegram addressed to you this day that Major Baring and M. de Blignières should, while they are in Paris together, draw up a draft of Decree for this purpose.

It will be desirable that, in order to prepare Major Baring for his discussions with M. de Blignières on this subject, you should show him confidentially the memorandum and draft Decree communicated by M. Waddington and inclosed in Lord Lyons' despatch No. 756 of the 16th July last, as also the subsequent correspondence on the same question as noted in the margin.*

I am, &c.

(Signed) SALISBURY.

No. 1230.

Mr. Scrivenor to the Marquis of Salisbury.—(Received September 23.)

My Lord,

Alexandria, September 12, 1879.

ON the 10th and 19th of last month I addressed letters to the Right Honourable Lord Beaconsfield on the subject of the improper interference, by the Acting British Consul-General, in my administration of the Customs, of which I am the Director-General. In doing this I appealed rather to his Lordship as being an old public servant of the English Government, whose identity I wished to recall, and in doing this I fear I may have given reason to believe that I have not treated your Lordship with respect, in thus apparently passing you by. May I be permitted to explain to your Lordship that I had addressed a copy of the first letter to your Lordship, but that afterwards, being led to believe that I should address this to the Acting Consul-General, I did so, as also a copy of my second letter, believing that in this way it would be officially brought to your Lordship's knowledge. I beg to offer my sincerest apologies if I have erred in form, and request to be allowed now to inclose copies of the letters referred to, and to add, for your Lordship's information, that the Commission required by the Acting Consul-General has been granted, and has completed its inquiries into the question at issue. I am not informed at present of their decision, but of that I have never been in doubt; it cannot fail to establish the facts I advance. My objection, as your Lordship will note, is not that a Commission should not be held, if the Egyptian Government desired it, but that the Consul-General should demand this, thereby prejudicing my position and rights, and exerting the weight of his influence in favour of one Englishman, my subordinate, against another Englishman (myself), his chief, I contend is a most unjust as well as a dangerous precedent; and I desire, with your Lordship's permission, to record my protest against this action of the Acting Consul-General, and respectfully throw myself upon your Lordship's protection.

I have, &c.

(Signed) GEO. II. SCRIVENOR.

• Nos. 916, 946, and 959.

Inclosure 1 in No. 1230.

Mr. Scrivenor to the Earl of Beaconsfield.

My Lord,

Alexandria, August 10, 1879.

IN telegraphing to your Lordship yesterday I took a liberty which I can only trust the explanation I now offer may in some sense justify.

In 1852, when your Lordship first assumed office as Chancellor of the Exchequer, I, then a Clerk in the Treasury, was told off for a short time to assist Mr. Courtenay, your Lordship's private secretary. I do not pretend by this statement to claim acquaintance with your Lordship, I desire only to establish at once my identity and my long services. After a long subsequent career in almost every branch of the English Customs service, I was, in 1876, selected by the Board of Customs to fill the post of Controller and Director-General of Egyptian Customs, a post which the Foreign Office, in response to a demand made by the Khedive's Government, had placed at the disposal of the Commissioner of Customs.

These functions were, shortly after my arrival, merged in the title of Director-General, which office I have continued to hold.

I will not detain your Lordship to recount all the difficulties I, the first European that had ever accepted the task of directing the Egyptian custom-houses, corrupt, foul, and without order or system, and with none but native and Levantine employés, encountered; from the outset every man's hand was against me, my own employés and the public which had dealings with them opposed every step in the direction of reforms, and naturally I made many enemies. This feeling was carefully fostered by native officials and others, and owing to the peculiar conditions of society here, where races are mixed and classes merge into one another by imperceptible degrees, it spread largely into the European colony. In no country is the custom-house popular, but here, in the East, the process of establishing one on European principles, where hitherto every official procedure had to be bought and paid for, and the shrewdest rogues made the best bargains, always to the detriment of the revenues, was viewed with great disfavour.

I say so much to show the position in which I, unaided and unsupported, was placed, when, in reply to my numerous requests for an assistant, a good practical officer as Inspector-General under me, I obtained the authority which led to the eventual appointment of Mr. Martin Archer Shee, the brother-in-law of Mr. Pauncetote, of the Foreign Office. The manner of his appointment was as follows:—Mr. Consul-General Vivian was requested by Chérif Pasha to ask Her Majesty's Government to send a man. Mr. Vivian at the same time informed me that he had written to Lord Tenterden, who would communicate with Mr. Goulburn, Chairman of the Board of Customs, to whom he desired me also to write to the same effect, in order that a suitable man of my own indicating should be chosen. This arrangement was not carried out, and Mr. Goulburn, after some correspondence with me, found that the Foreign Office had conferred the appointment without referring the question to him. In effect, Mr. Vivian received a letter from the Foreign Office, saying that Lord Derby strongly recommended Mr. Archer Shee, who had served nearly ten years in the Chinese Customs. In a subsequent letter, following rapidly on the first, Lord Tenterden informed Mr. Vivian that, in consequence of the warm remonstrances offered by Mr. Goulburn against a man not of my choosing being named, he, Lord Tenterden, should withdraw his nominee, or wash his hands of the matter—I do not know the exact phrase, but this was the sense. The Khedive had previously invited me to accept Mr. Shee, and I then said I knew nothing of the gentleman. On the Khedive remarking "he is highly spoken of by Lord Derby, and I think you ought to be satisfied and accept him," I agreed, and, at His Highness' request, I told Mr. Vivian I would accept him. He then read to me, and gave me an extract in writing, passages in Lord Tenterden's second letter, speaking of Mr. Goulburn's action, and I promised to write to the latter, saying I had accepted the Foreign Office nominee. I believe I have fairly stated the facts. Mr. Goulburn is, I regret to say, dead; but his private secretary, Mr. Richard Hallows, is still at the Custom-house, and will support, correct, and amplify, if necessary, my statements.

It is now sought to be established by the British Acting Consul-General that Mr. Archer Shee, who is charged by me with certain grave official offences, was appointed directly by the British Government, and that they would be greatly displeased if he were to be removed without their consent. This view is urged by the Acting Consul-General, and is, I am led to believe, supported at home by Mr. Consul-

General Vivian, now in England. Chérif Pasha himself says this to me, and others openly.

It has, I know, been urged on the Khedive, and the result of this interference is that they hesitate to take any steps against Mr. Shee, notwithstanding gross dereliction of duty on his part. An English Agent thus interferes in a purely administrative question which concerns only the Government to which he is accredited, in order to protect and further the designs of my Inspector-General against my authority with a view to his obtaining my post, and makes use of the gratuitous statement that Mr. Archer Shee is a nominee of the British Government to defeat me and attain this end.

I am sure your Lordship will not justify a proceeding which is indeed a relapse in its worst form into the old evil of Consular intrigues. Here is my whole case. On this point only do I venture to address your Lordship, and, as an Englishman and an old public servant, claim your Lordship's personal protection. For any matter concerning the Egyptian Government administration I am responsible to them only. I ask only that the Consuls-General should abstain from interference between Egyptian officials and the Egyptian Government. If injury be done to either of us we shall claim redress through our Consul, but at this stage of official proceedings, when I ask the decision of the Council of Ministers on certain distinct official issues, this open and avowed partisanship and Consular pressure is most intolerable, and can only tend to prejudice my case.

That an honourable career of thirty-five years, rewarded by the conferring upon me of this high position itself, should be imperilled by such unworthy acts, would be inexpressibly painful as well as disastrous to me and my family, and I have therefore taken the extreme measure of addressing your Lordship. By the same mail I send to Lord Cottesloe, my old chief, a letter by the hands of Mr. Richard Hallowes, of the Secretary's office, Custom-house. Lord Cottesloe will, I feel assured, give your Lordship such information of my past services—often of a confidential and special nature—as will establish in your Lordship's mind a favourable opinion of the merits and character of yours, &c.

(Signed) GEO. H. SCRIVENOR.

Inclosure 2 in No. 1230.

Mr. Scrivenor to the Earl of Beaconsfield

My Lord,

Alexandria, August 19, 1879.

SINCE addressing my direct appeal to your Lordship against the interference of the Acting British Consul-General in my administrative matters, that gentleman has informed me that, having notified to his Government that the French Consul-General had demanded the dismissal of my Inspector-General, Mr. Archer Shee, on the ground that he had refused to execute a Ministerial order to dismiss a Director of Customs for insolent behaviour to the French Consul at Port Saïd, as promised by the Minister of Foreign Affairs to the French Consul-General, he (the British Consul-General) had received instructions from the Foreign Office to protect Mr. Shee, and that though, as I understand him, the French Consul had withdrawn his demand, he "should continue to protect Mr. Archer Shee, even against the consequence of his own insubordinate acts."

That the incident now narrated should have occurred at the same time as, or immediately following, my official demand for Mr. Shee's suspension, is a coincidence only. The two things are entirely distinct. I have no concern with the Consular question, the exact nature of which I can only surmise. I had already advocated the suppression of the post of Inspector-General on general grounds, and also, on a distinct charge, a special case of neglecting to reply to an official letter of importance, and as, after the lapse of two months, the Minister reiterated his demand, I had to point out that I had in due course transmitted it for the Inspector-General's report, and that, so long as he chose to abstain from doing his duty, I was unable to satisfy the Minister's demand, and that, seeing that a system so fertile in obstruction must needs be vicious as well as useless, I, the responsible Chief of the Administration, advised the suppression of the post of Inspector-General.

It was only subsequent to this that the incident of the Consuls occurred. The part I had in this was confined to questions of service discipline, with the result, certainly, of bringing further into relief the insubordinate character of the Inspector-

General, and nothing more. The Minister of Finances had invited me to report on irregularities which had come to his knowledge with respect to moneys in the charge of the Port Saïd Director. To this I replied fully; detailing what I had already discovered of these irregularities, and expressing my opinion that the officer in question was untrustworthy, and that his removal was desirable. My reasons for advocating this step I explained, and annexed a Report of the Inspector-General, whom I had invited some months previously to investigate the character and extent of these irregularities at the port at which they occurred, and to propose to me further how certain sums, drawn without authority by the Director, were to be recovered. Notwithstanding this, the Inspector-General did not go to Port Saïd as requested, but called the Director to Alexandria, and received him as a guest in his own house, and, in his Report to me, sought to condone his offence in a manner which I considered most improper. I, however, transmitted this letter, in original, with my Report to the Minister, to enable him to judge for himself of the matter. After a few days I received the Minister's order to dismiss the Director, which I referred to the Inspector-General for execution. He refused, and wrote a letter to the Khedive personally, accusing me of injustice towards a gentleman and man of honour, for whose probity he would be guarantee. In view of this, I sent two officers to supersede the Director and take over charge of the post; and within twenty-four hours we discovered defalcations to the extent of 2867. beyond the irregularities known, and others that might transpire on further investigation. My opinion as to the need of removing this officer was thus amply justified.

Whether, and to what extent, the Minister's orders to dismiss him were influenced by the asserted demand of the French Consul-General, I cannot say, but, had no Consular influence been exerted, the decision would stand good on its own merits.

As the natural outcome of these further acts of insubordination, and upon a consideration of the former case against Mr. Shee, the Council of Ministers decided to suspend him, and actually laid their decision before the Khedive for his signature, when Mr. Lascelles, acting, as he affirms, on Foreign Office instructions, intervened, and induced the Khedive to reject the decision. This is a serious interference with the established routine, and is utterly subversive of my authority in my Administration, for there is no reason why Mr. Shee, who is openly insubordinate, should be exempted from the application of the general rule. His suspension, charging with the offence, and reply, should follow their regular course. But he is still in full possession, in defiance of me, and has offered to prefer charges against me in return. This curious position is closely watched by Representatives of other Powers, who are, doubtless, glad to find so good a precedent for future interference in the administrative affairs of Egypt.

Mr. Lascelles, however, bases himself on his instruction to protect Mr. Shee, and declines to withdraw from the position he has taken up.

This complication of two questions, essentially distinct and apart, is quite gratuitous, and calculated to prejudice me in the exercise of my rights and duties as Chief of the Administration.

On general grounds, interference of this nature cannot, I venture to say, recommend itself to your Lordship's approval, but when, as in this case, it takes the form of using Consular influence to support an Englishman in wrong-doing, and against his Chief, another Englishman, I feel assured of your Lordship's support and sympathy.

Mr. Lascelles has now requested of the Khedive's Government the appointment of an European Commission to "decide between us." Although I do not admit the justice of this, in view of our relative positions, nor its necessity where the usual machinery for investigation, and by Europeans, exists in the Ministry of Finance on which my Administration depends, nor on the competency of such a tribunal to decide on matters of official discipline as if it were a private quarrel, the more so that Mr. Lascelles' open support of Mr. Shee has prejudiced my case at the outset, I will not refuse, but I submit to your Lordship that this should be asked for spontaneously by the Government we both serve, and not on the demand of a Consul; and that Mr. Shee, whom I have charged with a distinct offence, must be first suspended, and a preliminary inquiry instituted at the Custom-house for taking evidence for the Commission as to the causes of the numerous complaints directed against him by the trade and others, and to enable to point out more fully the irregularities there existing against him. Thus and thus only shall I be able to formulate fully my charges against him; and this is the invariable course, and is my right.

To obtain this, I submit to your Lordship, Mr. Lascelles should formally with-

[1260]

draw all his demands, and let the Egyptian Government take its own unbiassed course. If it wants neither of us, the occasion has been created for getting rid of us both, but the choice, no less than the control, and judging of the men it pays, should be entirely unfettered and uninfluenced.

This further exposition of my case is needed in my own defence, and also to make clear what might have left doubt in your Lordship's mind by my first letter. Again apologizing for this extreme course of addressing you personally, which I can assure your Lordship is, under the circumstances, my best, if not my sole, chance of obtaining fair play, I have, &c.

(Signed) GEO. H. SCRIVENOR.

No. 1231.

Mr. Adams to the Marquis of Salisbury.—(Received September 23.)

(No. 975.)

My Lord,

Paris, September 22, 1879.

I HAVE the honour to report that Major Baring, recently appointed one of the Controllers-General in Egypt, arrived in Paris this morning, and had an interview with M. Waddington in the afternoon.

I have, &c.
(Signed) F. O. ADAMS.

No. 1232.

Mr. Adams to the Marquis of Salisbury.—(Received September 23.)

(No. 976.)

My Lord,

Paris, September 22, 1879.

I SAW M. Waddington this afternoon, and since then I have received your Lordship's telegram No. 157 of 2.20 P.M.

I understood from M. Waddington that Messrs. Baring and Blignières are at once going to draw up a Decree with reference to the increased powers of inspection which the Controllers-General are to possess.

I have, &c.
(Signed) F. O. ADAMS.

No. 1233.

Mr. Macdonell to the Marquis of Salisbury.—(Received September 23, 1.30 P.M.)

(No. 80.)

(Telegraphic.)

Rome, September 22, 1879, midnight.

ITALIAN Government accept in principle draft of Egyptian Loan Decree. I hope to receive shortly official confirmation.

(Confidential.)

They are consulting Messrs. Rothschild as to meaning of word "radiation" in the 2nd Article. General Menabrea has led them to suspect that it may affect mortgages previous to the 3rd February, and some reservation will probably be made on this point in their answer.

No. 1234.

The Marquis of Salisbury to Mr. Lascelles.

(No. 59.)

(Telegraphic.)

Foreign Office, September 23, 1879, 6.20 P.M.

It is presumed that salary and allowances of Controllers-General will be same as before, namely, 4,000l. a-year, and 500l. on appointment, to cover expenses of moving, &c.

Please ascertain this certainly, and reply by telegraph.

No. 1235.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 24, 4.15 P.M.)

(No. 133.)

(Telegraphic.)

Cairo, September 24, 1879, 2 P.M.

A FRESH incident with regard to smuggling has come to knowledge of Custom-house Commission, which may lead to the necessity of changing the Director-General.

The Commission has been instructed to report as soon as possible, and may be in a position to do so in about a week's time. It is important that I should be able to submit names of some persons as successors to Mr. Scrivenor and Mr. Archer Shee, in case either or both of them should be called upon to give up their posts.

No. 1236.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 24, 5.45 P.M.)

(No. 134.)

(Telegraphic.)

Cairo, September 24, 1879, 4.40 P.M.

RIAZ PASHA does not anticipate any difficulty in fixing salary and allowances of Controllers-General at the amount mentioned in your Lordship's telegram No. 59. He will, as a matter of form, submit the question to the Viceroy, and give me a definitive answer to-morrow.

No. 1237.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 25.)

(No. 510. Political.)

My Lord,

Cairo, September 15, 1879.

I HAVE just received a visit from Riaz Pasha, who informs me that the difficulties connected with his return to office may now be considered as overcome. The only unsettled point is the choice of a Minister of Finance, a post for which Riaz Pasha finds some difficulty in selecting a suitable occupant; but his Excellency informs me that it is not impossible that he may himself fill the post *ad interim* in addition to those of Minister of the Interior and President of the Council of Ministers, to which he will be appointed.

The Rescript of the 28th August of last year is to be the basis on which the new Ministry will be formed, but some modifications will be made with the view of giving the Khedive the power of convoking the Council and of presiding at it himself, under certain circumstances.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1238.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 25.)

(No. 512. Political.)

My Lord,

Cairo, September 16, 1879.

RIAZ PASHA returned to Egypt on the 3rd instant. His Excellency was much gratified at the reception he met with on his arrival at Cairo. The Khedive sent his Master of Ceremonies to meet his Excellency at the station, where a large number of people were assembled to congratulate him on his return.

Riaz Pasha has informed me that the fact of his having been summoned by the Khedive to assist him in his difficult task, and the cordial manner in which he had been received, was a great satisfaction to him, considering the circumstances under which he had left the country. His conduct had proved that he was ready to devote himself for the good of his country, and he should not hesitate to do so; but before he could take part in the administration, it was necessary that he should come to a

distinct understanding with the Khedive as to the basis upon which the Government was to be carried on, and that he should receive some guarantee for the stability of any arrangement that might be arrived at.

An exchange of ideas took place between the Khedive and Riaz Pasha, and shortly afterwards his Excellency informed me that they agreed entirely upon questions of principle, and that he saw no reason why he should not take part in the Ministry.

Some delay took place before the details were arranged, which was prolonged in consequence of an attack of illness which prevented his Excellency from leaving his house for three days, and it was only yesterday afternoon that his Excellency informed me that the question had practically been settled.

As I had the honour to inform your Lordship by my telegram No. 130 of yesterday, Riaz Pasha is to be appointed President of the Council and Minister of the Interior.

The basis on which the new Cabinet is to be formed is the Rescript of the 28th August of last year, by which the late Khedive intrusted Nubar Pasha with the formation of a Cabinet, and laid down the principles for the government of the country. Some modifications will be made in the Rescript so as to enable the Khedive, under certain circumstances, to convoke the Council of Ministers, and to take part in their deliberations.

Riaz Pasha informs me that it is intended to keep two of the present Ministers at the posts which they now hold, viz., Moustapha Pasha Fehmy, Minister for Foreign Affairs, and Ali Pasha Ibrahim, Minister of Public Instruction. Ali Pasha Moubarek will return to his old post of Minister of Public Works, and Riaz Pasha has submitted the names of Fakri Bey and Kadri Pasha for the post of Minister of Justice, leaving the choice between them to the Khedive.

The only difficulty that remains is the choice of a person for the Ministry of Finance. Riaz Pasha would have been glad to have retained the present Minister, Haidar Pasha, but his want of experience renders him unsuited for a post of so much importance. Upon my asking Riaz Pasha why he did not take the Ministry of Finance himself, he replied that he might do so temporarily until some one could be found to fill the post permanently, but that he considered it absolutely necessary, in order to insure the proper working of the Administration in the country, that he should keep the Ministry of the Interior in his own hands.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1239.

Mr. Egerton to the Marquis of Salisbury.—(Received September 25.)

(No. 610. Confidential.)

My Lord,

Vienna, September 22, 1879.

I CALLED on a gentleman to-day who, from his high legal position in Egypt,* could give accurate information as to the exact position by Egyptian law of the registered mortgagees.

He confirmed unhesitatingly the statement as to the mortgages in question only constituting a charge upon those estates against which they have been specifically registered. Indeed, my informant had been the chief author whilst the Egyptian code was being framed of preventing the French system of "hypothèque générale" being admitted.

Amongst other things, he told me that the registered mortgages were principally on house property in Cairo and Alexandria, and that the inscribed mortgages in country districts of the Daira were likely, in a large measure, to be found invalid in law from defective description, &c.

With regard to the statement that I have already ventured to remark on, as to the large amount of the inscribed mortgages held by Austrian and German subjects, he told me that the amount held by Austrian subjects scarcely amounts to more than 1,000,000 fr.; that held by German firms would be a little more; and the claims of both form but a very small part of the 34,000,000 fr. of inscribed mortgage.

He thought it both foolish and extravagant of the Egyptian Government to send

* (Private and Confidential.) M. Lapenna, of Court of Appeal at Alexandria.—E. H. E.

M. Keller out as their Agent to Vienna, Berlin, and Rome (where his position is about the same as that of M. Barrot in Paris and in London), for, without disparagement to any qualities M. Keller may possess, he can be of no particular service here to Egypt.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1240.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 26, 12.30 A.M.)

(No. 136.)

(Telegraphic.)

Cairo, September 25, 1879, 6 P.M.

WITH reference to my telegram No. 134, Riaz Pasha informs me that it is understood that Controllers-General shall receive a salary of 4,000l. a-year, and 500l. to cover expenses of moving, &c.

No. 1241.

Mr. Macdonell to the Marquis of Salisbury.—(Received September 27.)

(No. 82.)

(Telegraphic.)

Rome, September 26, 1879.

ITALIAN Government will instruct their Agent at Cairo to adhere to draft Decree respecting Domains when communicated to him by the Egyptian Minister in the terms suggested by your Lordship.

No. 1242.

Mr. Malet to the Marquis of Salisbury.—(Received September 27.)

(No. 665.)

(Telegraphic.)

Constantinople, September 26, 1879.

THE French Ambassador having received a telegram similar to that of Mr. Lascelles to Sir H. Layard of the 21st instant, replied that he begged the Viceroy of Egypt to believe what he told him; that if his father had done so instead of believing his Agent at Constantinople he would not have been deposed.

A reply has come from the French Agent at Cairo expressing the thanks of the Viceroy of Egypt, and stating that His Highness would act on the information regarding his visit given by the Ambassadors.

Safvet Pasha has refused in any way to confirm in writing his statement to Ambassadors regarding visit, and in fact there is reason to believe that the Sultan is annoyed at its postponement.

(Repeated to Sir H. Layard.)

No. 1243.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 27.)

(No. 137.)

(Telegraphic.)

Cairo, September 26, 1879.

RIAZ PASHA is most anxious that the Commission of Liquidation should be appointed as soon as possible.

He says that it is hopeless to attempt any settlement of the financial difficulties until Commission meets, and that it is most important, as the year is so far advanced, to come to some arrangement without further delay.

He therefore hopes that your Lordship will urge upon the Powers immediate appointment of the Commission.

He has requested M. Monge to telegraph in this sense to the French Government.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 27.)

(No. 138.)
(Telegraphic.)

Cairo, September 27, 1879.

I HAVE spoken to Riaz Pasha in the sense of your Lordship's despatch No. 17, Commercial. His Excellency is averse to appointment of a Commission to inquire into the harbour dues, as he thinks it would create a precedent for international interference in the internal affairs of Egypt. He would prefer that persons with a technical knowledge should be sent out to draw up a Report upon the subject to the Egyptian Government, who would then come to an arrangement with the Powers. He points out that it is a great hardship to Egypt in its present embarrassed state to be prevented from receiving the revenues which would accrue from the settlement of the question which has been so long in suspense.

The Marquis of Salisbury to Mr. Egerton.

(No. 612.)

Sir,

Foreign Office, September 27, 1879.

ON the 25th August Count Montgelas communicated to me the negotiations which were proceeding at Paris between the Austrian and French Governments on the subject of a Commission for liquidating the debts of the Khedive. The view of the Austrian Government was that it would be unable to perform its task efficiently, or even with justice to the creditors whose claims are brought before it, unless it has jurisdiction to deal with all the liabilities of the Khedive. This is also the view which from the first has been taken by Her Majesty's Government; and they have lost no opportunity of urging upon the French Government the arguments which had led them to this conclusion.

I had the honour of seeing M. Waddington last week, and he then informed me that he had, upon consideration, felt the force of the reasoning pressed upon him by the two Governments, and had consented to give a wider range to the powers of the Commission of Liquidation than he had originally contemplated.

The project of liquidation, of which the necessity is every day becoming more apparent, will therefore assume the form indicated by the Austrian Government in the despatch of Count Andrassy to Count Knefstein, forwarded to me by Count Montgelas, and also in the latter part of the memorandum of M. Kremer. It will be composed, I apprehend, in the same manner as the recent Commission of Inquiry, except that a German Commissioner is to be added; and it will have obligatory jurisdiction over all the liabilities of the Khedive, enabling it to overrule in that regard the Decrees of the Mixed Tribunals. In this sense, therefore, its powers will be of a legislative kind.

You are authorized to speak in this sense to His Highness' Minister for Foreign Affairs.

I am, &c.
(Signed) SALISBURY.

Mr. Lascelles to the Marquis of Salisbury.—(Received September 28, 5.30 P.M.)

(No. 139.)
(Telegraphic.)

Cairo, September 28, 1879, 3.15 P.M.

EGYPTIAN Minister for Foreign Affairs is prepared to submit Decree respecting Rothschild Loan.

The Austrian Agent has received instructions to accept Decree if it is clearly understood that rights acquired by persons who took out inscriptions before the 3rd February should be respected. M. Schœffer understands this to mean that the inscriptions should be satisfied to the extent of value of property against which the inscriptions are registered.

He suggests that a Protocol should be drawn up and signed by the Egyptian Government and the Representatives of the Powers explaining in above sense 2nd Article of Decree.

Does your Lordship authorize me to sign a Protocol in this sense?

Mr. Adams to the Marquis of Salisbury.—(Received September 29.)

(No. 983.)

My Lord,

Paris, September 27, 1879.

MESSRS. BARING and de Blignières have been good enough to communicate to me the inclosed lists, purporting to give the names of those creditors who possess *inscriptions hypothécaires* of a date prior to the 3rd February on property in Cairo and Alexandria which is pledged to secure the Rothschild Loan.

The income of this property is given; its real value is estimated at ten times greater, and the probable amount to be realized by its sale at half that value.

It will be seen that, on this estimate, the property, if sold, would satisfy but a very insignificant portion of the creditors in question.

I understand, however, that a forced sale, by way of foreclosure, is not likely to take place immediately.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 1247.

ÉTAT des Inscriptions Hypothécaires prises sur les Immeubles Domaniaux.

IMMEUBLES D'ALEXANDRIE.						£	£
Revenu annuel	..	..	..	..	..	24,000	
Valeur réelle	..	..	..	..	..	240,000	
Prix de vente probable	..	..	..	..	..	..	120,000
INSCRIPTIONS HYPOTHÉCAIRES.							
Turin Frères	..	..	..	..	..	25,000	
Stagni	..	..	..	..	..	1,400	
Ghisi Ristk Ghirghi	..	..	..	..	..	9,000	
Charmand	..	..	..	..	..	39,000	
Erlanger	..	..	..	..	..	60,000	
Jacoub Simon	..	..	..	..	..	3,300	
Marinetti	..	..	..	..	..	4,100	
Caprara	..	..	..	..	..	18,000	
Ganthier	..	..	..	..	..	46,000	
Marchetto Mondolfo	..	..	..	..	..	14,000	
Caprara Mondolfo	..	..	..	..	..	2,500	
Piacisses et Fils	..	..	..	..	..	6,600	
Racine et Fils	..	..	..	..	..		
Worms et Cie.	..	..	..	..	..	63,000	
Csac. Zizima	..	..	..	..	..	35,000	
Menandro Zizinia	..	..	..	..	..	4,000	
Voïvodich	..	..	..	..	..	5,000	
Banque d'Egypte	..	..	..	..	..	190,000	
Caralambo Szatari	..	..	..	..	..	250	
							526,150
Déficit	..	..	..	..	..	..	406,150

IMMEUBLES DU CAIRE.						£	£
Revenu annuel	..	..	..	..	..	4,000	
Valeur réelle	..	..	..	..	..	40,000	
Prix de vente probable	..	..	..	..	..	..	20,000
INSCRIPTIONS HYPOTHÉCAIRES.							
Hiller and Goldschmidt	..	..	..	..	..	63,000	
Ménager	..	..	..	..	..	29,000	
Lepori	..	..	..	..	..	33,000	
Worms	..	..	..	..	..	63,000	
Ismaïum	..	..	..	..	..	61,000	
Rivol	..	..	..	..	..	3,000	
Ruchsbaum Weyensberg	..	..	..	..	..	12,000	
Boccard	..	..	..	..	..	65,000	
Ruxon	..	..	..	..	..	39,000	
Lepori	..	..	..	..	..	3,000	
Zintzao	..	..	..	..	..	15,000	
							389,000
Déficit	..	..	..	..	..	..	369,000

No. 1248.

Mr. Adams to the Marquis of Salisbury.—(Received September 30.)

(No. 988.)

My Lord,

Paris, September 29, 1879.

I YESTERDAY received your Lordship's despatch No. 1168 of the 22nd instant, instructing me to communicate to Major Baring certain correspondence, as therein mentioned, with a view of preparing him for his discussion with M. de Blignières on the subject of the Decree to be drawn up as to the attributions of the Controllers-General.

I could only see Major Baring this afternoon, and I then communicated your Lordship's despatch to him. He informed me that the draft Decree was already drawn up, and had been submitted by M. de Blignières and himself to M. Waddington here, and subsequently to your Lordship, at Dieppe, on the 27th instant.

Major Baring added that he was leaving for London this evening.

I have, &c.

(Signed) F. O. ADAMS.

No. 1249.

The Marquis of Salisbury to Mr. Lascelles.

(Telegraphic.)

Foreign Office, September 30, 1879, 5.40 P.M.

INFORM Riaz Pasha that we believe an Agreement, on the plan of Liquidation mission to be recommended to Khedive, will be very shortly concluded by the persons concerned.

No. 1250.

The Marquis of Salisbury to Mr. Lascelles.

(No. 260.)

Sir,

Foreign Office, September 30, 1879.

YOU state in your telegram No. 137 of the 26th instant that Riaz Pasha shows great anxiety for the early appointment of the Commission of Liquidation.

In reply, you have been authorized to inform his Excellency that there is every reason to hope that the Powers concerned will very shortly arrive at an agreement on the scheme for this Commission which they will recommend to the Khedive.

I am, &c.

(Signed) SALISBURY.

No. 1251.

Mr. Adams to the Marquis of Salisbury.—(Received October 1.)

(No. 990.)

My Lord,

Paris, September 30, 1879.

THE leading article in this morning's issue of the "République Française," copies of which I have the honour to inclose herewith, is consecrated to the examination of the situation of affairs which Messrs. Baring and de Blignières will find on their arrival at Cairo; and it contains severe strictures on recent language employed by the "Times" on the Egyptian question.

The article proclaims the perfect agreement of England and France, considers that the situation is much more propitious than eight months ago, and rejects the idea of the Sultan ever again regaining influence in Egypt. As on former occasions, it speaks strongly in favour of European Ministers in the Cabinet, but at the same time it protests against the idea that it defends a system of expropriation of Egypt for the benefit of her protectors; and declares that France and England give to her their support, not to despoil her, but to make her prosperous.

The last paragraph of the article states that, if Messrs. de Blignières and Baring are only firmly supported by their Governments, they will be able to enter upon their work on satisfactory conditions; and they are reminded that they will have to struggle

as much against the European coteries who consider Egypt their prey as against the creatures of the ex-Viceroy and some of the advisers of the new one.

Lastly, Riaz Pasha is praised as an honest, independent man; and although, in the opinion of the writer, the present Ministry seems to be only a step towards a combination more adapted to the necessities of the situation, he declares that no one could better be at its head than Riaz Pasha at this period of transition.

I have, &c.

(Signed) F. O. ADAMS.

No. 1252.

Sir J. Pouncefote to Mr. Scrivenor.

Sir,

Foreign Office, October 1, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 12th ultimo, referring to the differences which have arisen between yourself and Mr. Archer Shee, and complaining of the action of Her Majesty's Acting Agent and Consul-General in the matter.

Lord Salisbury believes that you are under a misapprehension as to the nature and extent of Mr. Lascelles' interference.

As at present advised, his Lordship is of opinion that Mr. Lascelles has kept strictly within the limits of his official duty in the course which he has pursued.

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 1253.

Mr. Macdonell to the Marquis of Salisbury.—(Received October 2.)

(No. 382. Secret.)

My Lord,

Rome, September 17, 1879.

I HAVE been confidentially informed by Turkhan Bey that, believing the object of Count Maffei's journey to Naples was to visit the ex-Khedive, he had, on the Count's return, endeavoured to question him on the subject. Count Maffei appears to have admitted that he had had several interviews with Ismail Pasha, but, he remarked, for no other purpose than of paying his respects to him.

Turkhan Bey tells me he has since ascertained that, though Count Maffei may have taken this step on his own responsibility, his object was to enlist his Highness' influence over his son in favour of Italy.

The present Italian Cabinet have always attached a special importance to the part which they think Italy is entitled to claim in the affairs of Egypt, and it is therefore not unlikely that the marked attention shown to Ismail Pasha by the authorities at Naples, as also Count Maffei's visit, may have been prompted by some such motive.

I may here mention that I have incidentally heard that the ex-Viceroy's private correspondence is occasionally forwarded through the Italian Agent in Egypt.

I have, &c.

(Signed) H. G. MACDONELL.

No. 1254.

Mr. Macdonell to the Marquis of Salisbury.—(Received October 2.)

(No. 387. Confidential.)

My Lord,

Rome, September 22, 1879.

IN accordance with your Lordship's instruction conveyed to me in your No. 462 of the 15th instant, I communicated to the Italian Government the amended draft of the Decree protecting from seizure the Daira lands ceded by the Khedive as security for the recent Egyptian Loan. After a delay of several days, Count Maffei has at last informed me that the Italian Government accept your Lordship's proposal in principle, and that they will, as soon as possible, instruct their Agent at Cairo to agree to it in its present shape.

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So far as I have been able to ascertain, the Italian Government appear doubtful as to the meaning conveyed by the word in the IInd Article, "Radiation des Inscriptions hypothécaires," and whether the "Dette Egyptienne," mentioned in the IIIrd Article, meant the floating debt. I endeavoured to prove that the Decree, in its present amended form, met all the objections he had previously raised, and that a further delay on the part of the Italian Government to acquiesce in its issue might prove seriously prejudicial to the proposed scheme.

Count Maffei's object in accepting the proposed draft in principle was to enable him to gain time, in order to consult Messrs. Rothschild in Paris on the interpretation they set on the words above quoted.

I have, &c.
(Signed) H. G. MACDONELL.

No. 1255.

Mr. Macdonell to the Marquis of Salisbury.—(Received October 2.)

(No. 391.)

My Lord,

Rome, September 26, 1879.

WITH reference to my despatch No. 387, Confidential, of the 22nd instant, I have the honour to inclose herewith copy and translation of the notes I have exchanged with the Italian Government relative to the amended draft of the Decree for protecting from seizure the Daira lands ceded by the Khedive as security for the recent Egyptian Loan.

In their reply, the Italian Government state that their Agent and Consul-General in Cairo will receive instructions to adhere to the draft Decree, in the name of the King's Government, so soon as it is officially communicated to him by the Viceroy's Minister for Foreign Affairs, in the terms of the draft submitted to the Italian Government by that of Her Majesty.

I have, &c.
(Signed) H. G. MACDONELL.

Inclosure 1 in No. 1255.

Mr. Macdonell to Signor Cairoli.

M. le Ministre,

Rome, September 18, 1879.

AS I have already had the honour verbally to state, the negotiations with regard to the proposed Decree protecting from seizure the Daira lands ceded by His Highness the Khedive as security for the recent Egyptian Loan have resulted in a proposal for the addition of an Article providing that the balance of the loan shall be paid over to the Commissioners of the Public Debt, for disposal according to the instructions of the Commission of Liquidation, or, failing such Commission, according to the instructions of the Khedive, with the concurrence of the Powers.

It is believed that this proposal meets the objections raised by the Austrian and some other Governments to the Decree, and that they are now prepared to acquiesce in its issue.

Messrs. de Rothschild will accordingly advise the Khedive to propose to the Representatives of the Powers at Cairo the issue of the Decree in the form already communicated to the Powers, with an Additional Article in the sense proposed.

In accordance with instructions which I have received from Her Majesty's Principal Secretary of State for Foreign Affairs, I have the honour herewith to transmit to your Excellency a copy of the Decree as thus amended, and to renew to you the request, which I have already made to Count Maffei, that instructions may be sent, with as little delay as possible, to His Majesty's Representative at Cairo, to agree, on behalf of the Italian Government, to the promulgation of the Decree by His Highness in its present shape.

I avail, &c.
(Signed) H. G. MACDONELL.

Inclosure 2 in No. 1255.

Count Maffei to Mr. Macdonell.

(Translation.)

M. le Chargé d'Affaires,

Ministry for Foreign Affairs, Rome,
September 23, 1879.

IN your note of the 18th instant you did me the honour of communicating a new draft of a Decree, which, with the consent of the Powers, should be promulgated by the Khedive in order to enable the Viceregal Government to receive the payment of the loan contracted, on the 31st October, 1878, with the Paris and London houses of Rothschild. You were instructed also to ask whether the King's Government would be disposed, as far as they were concerned, to adhere to the draft Decree.

The King's Government has already been enabled to change ideas with Her Majesty's Government with regard to this affair, and from the very beginning we were happy to discern that our view of this matter was substantially the same as that which seemed to prevail in London. It was, in short, our opinion, as is well known to Her Britannic Majesty's Government, that, on the one hand, it would be expedient to help the Government of the Viceroy to the means of coming into possession of a considerable sum, destined to satisfy creditors who were specially worthy of the good offices of the Powers, and that, on the other hand, scrupulous regard should be paid both to the acquired rights as well as to the legitimate expectations raised by the act of liberality, thanks to which His Highness the Khedive Ismail and his family were willing, as was expressly declared, to assist these very same creditors, holders of the bonds of the Unconsolidated Debt. When, therefore, the first draft Decree was communicated to us, we did not hesitate to express our approval, making, however, our assent subservient to reservations corresponding to the two points mentioned above.

The new draft now submitted to us seems drawn up so as to render unnecessary these reservations, for which we had first stipulated, and to admit of our giving a pure and simple adhesion, according to the wish of the firms above referred to. The condition, expressed in the 2nd Article of the Decree, that, before anything else, the cancelling of the mortgages anterior to the 2nd and 3rd February, 1879, should be provided for, is a guarantee that the Decree will not be retroactive to the detriment of those claims which should be legally cancelled, and as such should be recognized in the usual form. Furthermore, the stipulations which we notice in Article 3 of the draft indicate, in our opinion, the best means of guaranteeing the employment of the loan in conformity with the intention of those who ceded the property in question, and of satisfying impartially the other interests which are at stake.

We have only to remark, with reference to this last point, that we believe we are not mistaken in supposing that by the expression "Dette Egyptienne," used in Article 3 of the draft Decree, is meant the Fluctuating Debt, it not being intended to provide for the Consolidated Debt with the Domain Loan of the 31st October, 1878, to which are already assigned other sources of the revenue.

The Royal Agent and Consul-General at Cairo will therefore receive instructions to adhere, in the name of the King's Government, to the draft Decree, so soon as the latter shall have been officially communicated to him by the Minister for Foreign Affairs of His Highness the Khedive, in the same terms as those laid before us by Her Majesty's Government.

Pray accept, &c.
(Signed) MAFFEI.

No. 1256.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 2.)

(No. 516. Political.)

My Lord,

Cairo, September 22, 1879.

ON the morning of the 20th instant Moustapha Pasha Fehmy called upon me to inform me that the Khedive had received a telegram from his Agent at Constantinople which placed him in a position of great uneasiness.

It appeared from this telegram that Abraham Pasha had had a conversation with Safvet Pasha, who had said that he had informed the Ambassadors of England and France that, although there was no objection to the Khedive's postponing his journey

to Constantinople for five or ten days, so as to enable His Highness to conclude the urgent affairs which rendered his presence in Egypt necessary, the question of His Highness' visit to Constantinople was one which concerned His Majesty the Sultan and His Highness the Khedive.

I told Moustapha Pasha Fehmy that I could not believe that Safvet Pasha had used the language attributed to him by Abraham Pasha, and I reminded His Excellency of the telegram I had received from Her Majesty's Ambassador at Constantinople, stating that an assurance had been given to the French Ambassador that the Khedive might postpone his visit until the affairs of Egypt admitted of his leaving the country. It was impossible that any one could believe that five or ten days could suffice for the settlement of the complicated questions which rendered His Highness' presence necessary in Egypt. I reminded his Excellency that M. Monge had lately received a telegram from the French Ambassador at Constantinople instructing him to inform the Khedive that the question of his visit had been arranged between Safvet Pasha and the Ambassadors, and that His Highness should not disquiet himself by paying attention to any reports that might reach him from Constantinople.

Moustapha Pasha Fehmy informed me that M. Monge, to whom he had already spoken on the subject, had suggested that he and I should have an interview with the Khedive, and that, if His Highness would furnish us with a copy of the telegram he had received from Abraham Pasha, we should communicate it to the Ambassadors.

In the interview which M. Monge and I had with the Khedive the same afternoon His Highness read to us a French translation of the telegram, of which I have the honour to inclose a copy.

M. Monge and I reminded His Highness of the conduct of Abraham Pasha at the close of the reign of Ismaïl Pasha, and expressed our astonishment that His Highness should have retained in his service a man who had up to the very last moment persisted in deceiving his father.

The Khedive replied that, although he did not attach much credit to the information which Abraham Pasha sent him, he could not believe that he would have deliberately attributed to Safvet Pasha language which his Excellency had not used. His Highness had heard from other sources at Constantinople that his visit was expected, and he was afraid that he had already incurred the Sultan's displeasure, as His Majesty had not answered a letter which His Highness had addressed to him some time ago. He was anxious to appoint a new Agent at Constantinople in the place of Abraham Pasha, but it would be essential that the person selected for the post should be agreeable to the Porte, and he had, therefore, hesitated about making the change. If, however, he should find that Abraham Pasha had deceived him on this occasion, he would at once dismiss him. His Highness, therefore, requested us to communicate the telegram which he had read to us to our Ambassadors at Constantinople.

I had the honour to communicate to your Lordship, by my telegram No. 131 of the 20th instant, the telegram which I addressed to Her Majesty's Ambassador at Constantinople, M. Monge sending a telegram in the same sense to M. Fournier.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1256.

Abraham Pasha to His Highness the Khedive.

(Télégraphique.)

QUELQUES Ambassadeurs m'avaient dit que Son Altesse le Khédive est très-désireux de venir à Constantinople mais que certaines affaires importantes les empêchent. Je leur ai répondu qu'il n'y avait pas d'inconvénient à ce que Son Altesse termine les affaires urgentes et qu'elle ajourne son arrivée ici pour un espace de cinq ou dix jours. Ayant vu dernièrement les Ambassadeurs, ils ont répété ce qu'ils ont dit précédemment et ils ont ajouté ce qui suit: ayant été écrit d'ici que si le Khédive différerait son arrivée à Constantinople cela mécontenterait Sa Majesté Impériale le Sultan, leurs Consuls en Egypte ont demandé qu'il soit écrit au Khédive que si cela avait lieu, Sa Majesté n'en serait point formalisée. J'ai répondu aux Ambassadeurs que cela regardait Sa Majesté Impériale et Son Altesse le Khédive, et j'ai fini ainsi ma conversation.

No. 1257.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 2.)

(No. 517. Political.)

My Lord,

Cairo, September 23, 1879.

I HAVE the honour to inclose an extract from the "Moniteur Egyptien," containing the letter addressed by the Khedive to Riaz Pasha, by which his Excellency is charged with the formation of a new Ministry, his Excellency's reply, and the Decree appointing the new Ministers.

In his letter to Riaz Pasha, the Khedive states that, in assuming the Presidency of the Council of Ministers, His Highness had no intention of re-establishing personal government.

His Highness never intended to depart from the principle laid down in the Rescript of the 28th August, 1878, to govern with and by his Council of Ministers. His Highness was aware that Riaz Pasha shared his opinions with regard to the necessity of introducing honesty, progress, order, and economy into the administration of the country; and His Highness could therefore confidently place in his Excellency's hands the Presidency of the Council of Ministers, reserving to himself the right of presiding at the Council himself whenever he might deem it necessary. The Rescript of the 28th August, 1878, will be applicable to the new Ministry, in so far as it has not been modified by the present letter.

The nomination and dismissal of the higher officers in the employment of the Government will be discussed by the Council of Ministers and submitted for His Highness' sanction. Subordinate officers will be named and dismissed by the Ministers to whose Administrations they are attached.

In calling attention to the serious questions which are pending, His Highness points out the necessity of a regular annual Budget of receipts and expenditure, a definitive organization for the collection of taxes, and the settlement of the financial situation.

Riaz Pasha, in his reply, thanks the Khedive for the confidence which His Highness has shown him, and states that his most sincere desire is to contribute to the utmost of his power, and with the assistance of his colleagues, to the application of the ideas of morality and progress which His Highness has laid down as the basis of the Government and the surest means of improving the situation of the country.

His Excellency concludes his letter by submitting to His Highness the names of the new Ministers who are formally appointed by the Decree.

Four of the Ministers retain the posts which they held in the former Cabinet, viz.: Osman Pasha Refki, Minister of War; Moustapha Pasha Fehmy, Minister for Foreign Affairs; Ali Pasha Ibrahim, Minister of Public Instruction; and Mahmoud Pasha Sami, Minister of Wakfs. Fakri Bey, who has been promoted to the rank of Pasha, and who was the "Substitut du Procureur-Général" at the Cairo Tribunal, is the new Minister of Justice. Riaz Pasha, in addition to the Presidency of the Council, takes the Ministry of the Interior, and, *ad interim*, that of Finance.

This is the third change of Ministry that has taken place during the three months that the Khedive has been on the throne. It is to be hoped that its duration will be longer than that of either of its predecessors. Until the new Minister of Finance is appointed, the amount of labour which the charge of the two most important Departments of the Government will entail upon Riaz Pasha will, especially in the disordered state of the Administration, be very great, and in addition to this there can be little doubt that obstacles will be put in his way by those whose interests would suffer by the introduction of serious reforms.

He will have to fight against intrigues, and the difficulty of the task he has to perform is so great that it is impossible not to feel some apprehension as to the result. The presence and advice of the Controllers-General will, no doubt, be of great assistance to his Excellency, and as it appears to me to be absolutely necessary to give him every possible support, I venture to urge upon your Lordship the advisability of the immediate return to Egypt of Messrs. Baring and de Blienières.

I have the honour to inclose a copy of the Circular which I have received from Moustapha Pasha Fehmy, announcing the formation of the new Cabinet, together with the reply which I have addressed to his Excellency.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1257.

Extract from the "Moniteur Egyptien."

Alexandrie, le 22 Septembre, 1879.

SON Altesse le Khédive a adressé à son Excellence Riaz Pacha la lettre suivante :—

"Mon cher Riaz Pacha, *Palais d'Abdin, le 21 Septembre, 1879.*
"En prenant dernièrement la Présidence du Conseil des Ministres, je n'ai pas eu l'intention de rétablir le pouvoir personnel.

"Basée sur les besoins du moment et sur le désir de me mettre en rapport plus direct avec les Membres du Cabinet, cette mesure n'avait dans ma pensée rien de définitif ni surtout de contraire au principe que j'ai adopté le jour de mon avènement : gouverner avec et par mon Conseil des Ministres.

"Tel est ce principe, qui remonte au Rescrit du 28 Août, 1878. Il ne dépendra pas de moi qu'il ne soit toujours maintenu et respecté.

"Vous connaissez mes sentiments à cet égard ; vous connaissez aussi les idées d'honnêteté, de progrès, d'ordre, et d'économie que je tiens à voir prédominer dans l'administration du pays.

"Je sais que vous partagez ces sentiments, ces idées, et que vous êtes résolu à vous consacrer tout entier à leur application.

"Je sais également combien vous êtes dévoué au pays ainsi qu'à ses institutions et désireux de contribuer de tous vos efforts à sauvegarder son autonomie.

"C'est donc avec confiance que je vous charge de former un nouveau Cabinet, et que je remets entre vos mains la Présidence du Conseil des Ministres, tout en me réservant d'assister à ses réunions et de les présider moi-même, toutes les fois que je le jugerai nécessaire.

"Je suis convaincu que vous apporterez tous vos soins dans le choix de vos collègues, dont la nomination sera soumise à ma sanction.

"Une fois constitué, le nouveau Ministère procédera dans les termes du Rescrit, déjà rappelé, du 28 Août, 1878, qui reste applicable dans toutes celles de ses dispositions qui ne sont pas modifiées par les présentes.

"Les nominations et révocations des Gouverneurs, Moudirs, Préfets de Police, Vékils et Secrétaires-Généraux des Ministères, Inspecteurs des Provinces et Directeurs de toutes les grandes Administrations de l'Etat seront discutées en Conseil des Ministres et soumises à mon approbation.

"Les autres fonctionnaires seront nommés et révoqués directement par arrêtés des Ministres dont ils relèveront.

"De graves questions nous préoccupent, vous ne l'ignorez pas, mon cher Riaz Pacha ; j'ai à peine besoin de vous signaler, entr'autres choses, l'importance capitale qui s'attache à l'établissement régulier du Budget annuel des recettes et des dépenses ; à l'organisation définitive de la perception des impôts, qui est en relation si étroite avec le fonctionnement normal du Budget ; au règlement de la situation financière arriérée, qui embrasse tant d'intérêts, et réclame toute notre attention, toute notre sollicitude.

"Pour la solution de ces questions, comme de toutes autres analogues, je sais d'avance que je puis compter sur vous, et que, guidé par votre expérience et par votre patriotisme, vous ne négligerez rien de ce qui pourra amener dans la position de notre pays une amélioration sérieuse, que chacun de nous appelle de tous ses vœux et doit faciliter de toutes ses forces.

"Agréez, &c.
(Signé) "MEHEMET TEWFIK."

Son Excellence Riaz Pacha à Son Altesse Mehemet Tewfik I^{er}, Khédive d'Egypte.

Monseigneur, *Caire, le 21 Septembre, 1879.*
Vous avez daigné me charger de former un nouveau Cabinet.
Je remercie votre Altesse de ce témoignage de haute confiance, dont je sens tout le prix.
Je la remercie en même temps d'avoir bien voulu compter sur mon dévouement au pays et à ses institutions.
Mon plus sincère désir est de répondre aux sentiments généreux qu'elle exprime

à cette occasion, et de contribuer, dans le limite de mes forces et avec le concours de collègues pénétrés des mêmes sentiments, à l'application des idées de moralité et de progrès qu'elle a affirmées comme base de son Gouvernement et comme moyen sûr d'améliorer la situation de l'Egypte.

C'est dans cette pensée, Monseigneur, que j'ai cherché à remplir ma mission, et que j'ai l'honneur de soumettre à la sanction de votre Altesse, pour la formation du nouveau Cabinet, les nominations suivantes :—

Osman Pacha Refki, Ministre de la Guerre et de la Marine ;
Moustapha Pacha Felmi, Ministre des Affaires Etrangères ;
Aly Pacha Moubarek, Ministre des Travaux Publics ;
Fakry Pacha, Ministre de la Justice ;
Aly Pacha Ibrahim, Ministre de l'Instruction Publique ;
Mahmoud Pacha Sami, Ministre des Wakfs.

Je prie votre Altesse de vouloir bien donner les ordres nécessaires, si elle daigne approuver ces nominations et me confier le Ministère de l'Intérieur, ainsi que le portefeuille par intérim des Finances, comme elle m'a confié la Présidence du Conseil.

J'ai, &c.
(Signé) RIAZ.

Par Décret de Son Altesse le Khédive, en date du 21 Septembre, 1879.

Ont été nommés :—

Son Excellence Riaz Pacha, Ministre de l'Intérieur et Ministre par intérim des Finances (Président du Conseil) ;
Son Excellence Osman Pacha Refki, Ministre de la Guerre et de la Marine ;
Son Excellence Moustapha Pacha Felmi, Ministre des Affaires Etrangères ;
Son Excellence Fakry Bey, promu au grade de Pacha, Ministre de la Justice ;
Son Excellence Aly Pacha Ibrahim, Ministre de l'Instruction Publique ;
Son Excellence Mahmoud Pacha Sami, Ministre des Wakfs.

Par Décret de Son Altesse le Khédive ont été élevés au grade de Bey :—

M. Leonevallo, Directeur du Bureau de la Presse au Ministère des Affaires Etrangères ;
M. Ventre, Ingénieur attaché à l'Administration de la Daïra Sanieh.

Inclosure 2 in No. 1257.

Moustapha Pasha Fehmy to Mr. Lascelles.

(Circulaire.)

M. le Gérant,

Caire, le 23 Septembre, 1879.

LE Khédive, mon auguste Maître, voulant doter le pays d'un régime en rapport avec ses aspirations légitimes et réaliser l'engagement solennel qu'il a pris lors de son avènement, a confié à son Excellence Riaz Pacha, avec la Présidence du Conseil, le Ministère de l'Intérieur et le Ministère des Finances par intérim.

Son Altesse a affirmé sa confiance en la personne de son Excellence Riaz Pacha, dans la lettre, dont j'ai l'honneur de vous transmettre ci-incluse une copie, et qu'elle a adressée le 21 Septembre au nouveau Président du Conseil.

J'ai la satisfaction de vous annoncer que je conserve dans le nouvel ordre de choses le Portefeuille des Affaires Etrangères ; heureux de continuer avec vous les relations que j'ai récemment inaugurées, et me plaisant à penser que vous voudrez bien me réserver dans l'avenir la même bienveillante sympathie que vous m'avez déjà témoignée,

Veillez, &c.
Le Ministre des Affaires Etrangères,
(Signé) MOUSTAPHA FEHMY.

Inclosure 3 in No. 1257.

Mr. Lascelles to Moustapha Pasha Fehmy.

M. le Ministre,

Cairo, September 23, 1879.

I HASTEN to acknowledge the receipt of the note which your Excellency did me the honour to address to me under to-day's date, inclosing a copy of the letter by which His Highness the Khedive has charged his Excellency Riaz Pasha with the formation of a new Ministry.

I will not fail to communicate to Her Majesty's Government this proof of the desire of His Highness to endow the country with a régime in accordance with its legitimate aspirations, and to realize the engagement taken by His Highness on his accession.

It was with sincere pleasure that I learnt that your Excellency retains in the new order of things the post of Minister for Foreign Affairs, and that no interruption will take place in the official relations which I have recently had the honour of entering into with your Excellency, and which it will be my constant effort to maintain upon their present friendly footing.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1258.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 2.)

(No. 519. Political.)

My Lord,

Cairo, September 24, 1879.

I HAVE the honour to inclose a copy of a letter which has been addressed to me by Mr. Rogers, containing the observations which, in consequence of his long residence in the East, and the duties he owes both to the British and Egyptian Governments, he has thought himself bound to offer with regard to the attempt now being made to introduce reforms into Egypt.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1258.

Mr. Rogers to Mr. Lascelles.

Sir,

Cairo, September 22, 1879.

WITHIN the last two years several attempts have been made to introduce reforms into Egypt, but, from one cause or another, perhaps inherent in the projects, they have all failed. The susceptibilities of one class or another have been ignored or disregarded, and there has been no possibility of harmonious action.

Now that another attempt is about to be made, I think I am bound, owing to my long experience in the East, and the duties I owe both to the British and Egyptian Governments, to offer a few observations on the subject.

In this country, rich, fertile, and capable, under proper management, of supporting a population far in excess of the number of its present inhabitants, the fundamental principle of all prosperity is wanting, namely, justice, by which I mean an equal distribution of the privileges as well as of the burthens of the country.

The Egyptian peasant ought to have the same sense of security of life and property, the same means of proffering a complaint, the same certainty of being listened to, and the same means of obtaining redress, as the most influential townsmen, whether he be native or foreign; but at present these privileges are denied him. He is not informed, nor has he any means of finding out, the exact amount of taxation that he may be required to pay in the course of the current year. There is virtually no Tribunal to which he can complain of the extortions or exactions to which he may be subjected.

In proportion to his ability and willingness to pay, he is overcharged with extras which he is considered to be equally able to pay. Under pressure of the local

authorities to satisfy the legal and extra taxes, he is forced to borrow money at an exorbitant rate of usury, until, sunk deeper and deeper in debt, he sells the land which has been his means of subsistence, and then becomes a hired labourer instead of a landed proprietor. On this score a serious evil to Egypt looms in the not distant future, in the alienation of a large quantity of its soil, the transfer of a large portion of its arable land to foreigners of a low type. In this latter sentence I do not intend to cast the slightest imputation on those agricultural enterprises which are undertaken on a large scale as model farms by intelligent foreigners, but I allude to those Europeans who go to the villages and lend money to the natives on the mortgage of their land, and eventually become proprietors.

The legal taxation on the land is admitted by competent judges to be not too heavy. Indeed, I consider that, owing to the productiveness of the soil, the peasants could (barring certain exceptional circumstances of inundation or lack of water) pay these taxes without difficulty if they were assured that a Government receipt would exempt them from extras under various names, and from advances for the following year, for which credit may or may not be given at a future time.

It is well known that the principal difficulty in Egypt arises from its financial embarrassment, which has been brought about by reckless extravagance, and probably by an ignorance of the balance of indebtedness and revenue.

It is as much in the interest of the creditors as in that of the Egyptian Government itself that the administration of the country should be efficiently and economically maintained. The expenses of such administration ought, therefore, to be the first charge on the revenue, and the remainder should be distributed to the creditors whether it amount to 5, 4, or even 3 per cent.

The revenues of Egypt have, for the last five or six years, been greatly over-estimated, and, in some instances, the estimate may probably have been intentionally exaggerated. The estimate of revenue made by Mr. W. G. Romaine, late Controller-General of Receipts, has been proved, by the actual receipts of last year, to have been nearer the truth than any other estimate yet made.

On the other hand, it must be admitted that the revenues of a country like Egypt—whose crops and, indeed, whose very existence depend upon the regularity and sufficiency of the flow of that wonderful river, the Nile—must necessarily fluctuate in proportion. But they might be permanently increased to a very considerable extent if foreign landholders and proprietors were subjected to the same taxations as the natives. That Europeans should be established in Egypt, enjoying the privileges of protection in their commerce without contributing to the expenses of the maintenance of the Government of the country, is an injustice which ought to be remedied. Europeans ought to pay both urban and rural taxes in the same proportion as the natives. Another means of augmenting the revenues would be the abolition of the distinction between Ushûry and Kharâjy lands.

If a responsible Ministry be formed, a body of some kind must also be created to whom these Ministers should be responsible. Why should not the Council of Justice, which existed in the reign of the great Mohammed Aly, be revived? Such a body, in a form modified according to present circumstances, might be of immense value.

The nomination of European Ministers wounds the pride of the natives; but each native Ministry might have an European functionary attached to it, called by whatever name or title the Government might select, Director, Counsellor, &c., who should direct and advise the Minister, and be an active member of the Council of Administration in the Ministry, and be responsible for the advice given. Such officers, selected for their intelligence, and appointed to the various Ministries, might be the means of effecting much good, without ruffling the susceptibilities of the native officials.

I have, &c.
(Signed) E. T. ROGERS.

No. 1258 A.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 2.)

(No. 521. Political.)

My Lord,

Cairo, September 24, 1879.

WITH reference to your Lordship's telegram No. 59 of the 23rd instant on the subject of the salary and allowances of the Controllers-General, Riaz Pasha informs

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me that he does not anticipate that any difficulty will be raised in fixing the salary at 4,000l. a-year, and the allowance at 500l.

His Excellency promised to give me a definitive answer to-morrow, as he must, as a matter of form, submit the question to the Khedive.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1258 B.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 2.)

(No. 522. Political.)

My Lord,

Cairo, September 24, 1879.

THE Commission appointed to examine into the Custom-house Administration having reason to believe that an arrangement between the authorities and the smugglers of contraband tobacco, which has been for some time in force, was made with the knowledge and sanction of the Egyptian Government, and fearing that obstacles might be put in the way of a real investigation, for the purpose of concealing the part taken by the Government, thought it right to place themselves in communication with Riaz Pasha on the subject. For this purpose, three members of the Commission, Ismail Pasha Yousri, M. Vacher, and Mr. Colvin, have come to Cairo, and have had an interview with his Excellency.

Riaz Pasha has decided that the inquiry shall be conducted in such a manner as to put the Commission in a position of being able to report fully on the question, and he has instructed Mr. Scrivenor, who is at present in Cairo, to return to Alexandria, and to communicate to the Commission any information, either written or verbal, that they may require.

Riaz Pasha has also requested the Commission to lose no time in bringing their investigation to an end, and it is possible that they may be able to draw up their Report in the course of a week.

A conflict has recently taken place between the coastguard and the smugglers, in which two men were wounded—one seriously. It now appears that the smugglers were acting in accordance with an arrangement come to between them and Mr. Scrivenor, who, however, had not given the necessary instructions to the coastguard to allow the tobacco to pass. The matter has been brought before the Commission, who have asked Mr. Scrivenor for an explanation.

It is not improbable that this incident, unless satisfactorily explained, may lead to the necessity of Mr. Scrivenor's retiring from his post of Director-General of Customs, and in order to prevent the post being filled up by a person of any other nationality, I thought it my duty to request your Lordship, by my telegram No. 133 of to-day, to furnish me with the names of Englishmen which I might submit to the Khedive as the successors of Mr. Scrivenor and Mr. Archer Shee, in case of either or both of these gentlemen being called upon to give up their posts.

Considering the unsatisfactory manner in which the Customs Administration has been conducted, I venture to submit for your Lordship's consideration the following observations with regard to the qualifications which either the Director or Inspector-General of Customs should, in my opinion, possess.

The post is one of great difficulty, considering the imperfect state of the custom laws and the various nationalities which form the population of Alexandria, and requires before all things a considerable knowledge of the world to enable the person occupying it to deal successfully with the various persons with whom he comes in contact. A knowledge of French is indispensable, and a knowledge of Italian, and, if possible, Greek would be advisable. A firm character and a courteous manner would be necessary to enable him to conduct his Administration without causing needless offence, and great tact and temper would be required to enable him to stand against the intrigues which in this country are sure to be directed against the English head of an Administration.

I am aware of the difficulty of finding these qualifications united in a single individual who would be willing to take service in Egypt, but, in the event of a change being necessary—and it is evident that Mr. Scrivenor and Mr. Archer Shee cannot both remain, and it is not improbable they may both have to go—I venture to suggest the necessity of great care being taken in the selection of their successors, as the discredit which would attach to another failure in an Administration conducted by Englishmen in Egypt would, in my opinion, be a great misfortune.

The salary attached to the post of Director-General is 3,000l. a-year, and to the post of Inspector-General, 1,500l. It might, however, perhaps be possible to bring the latter post more under the direct control of the Director-General, and reduce the salary. But, in any case, it is most important that the gentlemen who fill the two posts should work together in perfect harmony.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1259.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 2.)

(No. 525. Political.)

My Lord,

Cairo, September 25, 1879.

IN the course of a conversation which I had with Riaz Pasha yesterday his Excellency said that during the short time he had been in office he had every reason to be pleased with the support which he received from the Khedive in his attempt to carry on the administration. He was convinced that His Highness was animated by the best intentions, and was willing to work cordially with his Council of Ministers. In fact, at present the Khedive and the Council of Ministers were working together as one man, and his Excellency, although he did not underrate the extreme difficulty of the task before him, was able to take a hopeful view of the stability of the present Ministry, which, he trusted, would be much strengthened by the support which he counted upon receiving from the Controllers-General.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1260.

The Marquis of Salisbury to Mr. Lascelles.

(No. 62.)

(Telegraphic.)

Foreign Office, October 2, 1879, 4.15 P.M.

WE agree with M. Schaeffer that the meaning of Article 2 is that inscriptions previous to the 3rd February, so far as legally valid, are to be satisfied to the extent of the value of the property against which the inscriptions are registered.

If the Egyptian Minister for Foreign Affairs writes a note to the five Agents stating this to be his understanding, there is no objection to your expressing your concurrence in acknowledging the note.

But a Protocol might be held to mean more than this. It might be thought to give a guarantee on the part of Her Majesty's Government that some particular creditors should receive a certain payment.

This would be outside our province.

No. 1261.

The Marquis of Salisbury to Mr. Lascelles.

(No. 262.)

Sir,

Foreign Office, October 2, 1879.

I GATHER from your telegram No. 139 of the 20th ultimo, that the Austro-Hungarian Agent in Egypt has been authorized by his Government to accept the proposed Decree affecting the Rothschild Loan, provided that it is clearly understood that the rights shall be respected which have been acquired by those persons who have taken out inscriptions previous to the 3rd February.

It appears that M. Schaeffer understands these instructions to mean that the inscriptions previous to the 3rd February should be satisfied, to the extent of the value of the property against which they are registered; and he suggests that a Protocol should be drawn up and signed by the Egyptian Government, and by the Representatives of the five Powers who are concerned, which shall explain the 2nd Article of the Decree in his sense.

In reply, I have to state to you that Her Majesty's Government concur in the interpretation given by M. Schaeffer to Article 2 with regard to the inscriptions anterior to

the 3rd February, so far as they are legally valid, and if the Egyptian Minister for Foreign Affairs should express this opinion in a letter to the Agents, there would be no objection to your intimating your concurrence in that interpretation.

Her Majesty's Government do not consider that it would be prudent to sign a Protocol, as recommended by M. Schaeffer, which might be understood as giving a guarantee on their part that these particular creditors should receive a certain payment, a matter in which Her Majesty's Government are not concerned, and in respect to which they would not enter into any engagement.

I am, &c.
(Signed) SALISBURY.

No. 1262.

Mr. Hemming to the Marquis of Salisbury.—(Received October 3.)

*The Imperial Ottoman Bank (London Agency),
October 2, 1879.*

My Lord,

WE take the liberty of addressing your Lordship to point out that of the sum of 140,811l. 9s. 2d. which His Highness the Khedive, in accordance with his engagement dated the 22nd November, 1877, should have remitted to Messrs. Glyn, Mills, Currie, and Co., for the coupons due on the 10th instant on the Ottoman Defence Loan of 1877, he has so far only remitted a sum of 10,000l., and that we are informed by our establishment in Egypt that there is no chance of funds being forthcoming for the above-mentioned coupons and those due on the same date on the other tribute loans unless an advance of 300,000l. can be obtained.

Under existing circumstances we naturally hesitate to make the advance, as we have no means of knowing what view the Commission of Liquidation, if appointed, would take of the transaction.

It would appear, therefore, that default on the coupon in question is more than probable, unless your Lordship, for the protection of the interests involved, will strongly remonstrate with His Highness upon the breach of his engagements.

We venture respectfully to suggest that your Lordship would be fully justified in taking such a course, as it is notorious that His Highness has declared that he will pay the coupon due on the 1st proximo on the Unified Debt at the rate of 5 per cent. per annum. To do this between 900,000l. and 1,000,000l. would have to be collected in addition to the sums already in the hands of the Caisse de la Dette Publique. To encash such an amount from the four provinces affected to the Unified Debt by the 1st proximo would appear impossible.

We presume, therefore, that it is the intention to have recourse to anticipations of revenues or other even more objectionable measures. If so, we submit for your Lordship's consideration whether the tribute has not a priority of claim over the Unified Debt?

We have, &c.
(For the Imperial Ottoman Bank),
(Signed) J. HEMMING, Manager.

No. 1263.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 3.)

(No. 140.)
(Telegraphic.)

Cairo, October 3, 1879.

IT is not unlikely that the Egyptian Government will be unable to pay amount due on the 7th instant on account of tribute. Riaz Pasha is doing his utmost to obtain an advance of money for the purpose, but it is doubtful whether he will succeed.

No. 1264.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 4, 5 P.M.)

(No. 141.)
(Telegraphic.)

Cairo, October 4, 1879, 4.4 P.M.

AT the request of Riaz Pasha M. Monge has telegraphed to M. Waddington, begging him to inform Controllers-General that the Egyptian Government have not the means of paying the amount due on account of Tribute on the 7th instant, and to ask their advice about obtaining an advance.

No. 1265.

The Marquis of Salisbury to Mr. Adams.

(No. 160.)
(Telegraphic.)

Foreign Office, October 6, 1879, 5.30 P.M.

GERMAN and Austrian Governments press that Rothschild Decree shall not issue except with words providing that Rothschild Loan shall be exclusively devoted to payment of floating debt.

We have recommended them to apply to Paris. The distribution of assets to particular creditors is a matter in which we do not wish to interfere, and would not do more than acquiesce in the unanimous desire of the other Powers.

No. 1266.

The Marquis of Salisbury to Mr. Adams.

(No. 1199.)
Sir,

Foreign Office, October 6, 1879.

I HAVE to inform you that both the German and Austrian Governments press that the Rothschild Decree shall not be issued unless accompanied by words providing that the Rothschild Loan shall be exclusively devoted to the payment of the floating debt.

Her Majesty's Government have recommended the Governments of Germany and Austria to apply to Paris.

The distribution of assets to particular creditors is a matter in which Her Majesty's Government do not wish to interfere, though they would be willing to acquiesce in the unanimous desire of the other Powers upon this matter.

I am, &c.
(Signed) SALISBURY.

No. 1267.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7.)

(No. 527. Political.)

My Lord,

Cairo, September 25, 1879.

SINCE I sent your Lordship my telegram No. 134 I have been informed by Riaz Pasha that it is understood that a salary of 4,000l. a-year, and 500l. for expenses of moving, &c., shall be assigned to the Controllers-General.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1268.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7.)

(No. 529. Political.)

My Lord,

Cairo, September 26, 1879.

THE delay in the appointment of the Commission of Liquidation is causing considerable anxiety to Riaz Pasha, who says that it is hopeless to attempt any settle-
[1260] 9 E

ment of the financial question until the Commission meets. His Excellency observes that as the year is already drawing to its close, it is all-important that some arrangement should be come to without further delay, and he therefore expresses the hope that your Lordship will use your influence with the Powers with the view of inducing them to appoint the Commission immediately.

Riaz Pasha has used similar language to M. Monge, who has telegraphed accordingly to M. Waddington.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1269.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7.)

(No. 531. Political.)

My Lord,

Cairo, September 28, 1879.

I HAVE the honour to report that Moustapha Pasha Fehmy, the Egyptian Minister for Foreign Affairs, is prepared to submit the Additional Article to the Decree respecting the Rothschild Loan.

My Austrian colleague informs me that he has been authorized by his Government to accept the Decree on condition that it is clearly understood that the rights acquired by those creditors who took out inscriptions previous to the 3rd February shall be maintained. M. de Schaeffer understands by this that the inscriptions are to be paid to the extent of the value of the property against which they have been taken out, and he is of opinion that the difficulty might be met by a Protocol which would be drawn up and signed by the Egyptian Government and the Representatives of the foreign Powers, explaining the words "radiation des inscriptions," &c., contained in the 2nd Article of the Decree in the above sense.

I have the honour to request your Lordship to furnish me with instructions as to the action I am to take in case a proposal should be made to draw up such a Protocol.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1270.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7.)

(No. 532. Political.)

My Lord,

Cairo, September 30, 1879.

AT an interview which I had with the Khedive the day before yesterday His Highness informed me that he was much pleased with the manner in which the new Ministry had set to work. The greatest harmony existed between them and His Highness. He was determined to give them every support in his power, and to act cordially with them, and, that being the case, he paid but little attention to the intrigues which were being carried on with a view of upsetting the Ministry.

I told His Highness that I was sure that your Lordship would learn with great pleasure that such satisfactory relations existed between His Highness and the Ministers, but I could not conceal that I felt some apprehension that Riaz Pasha, in taking charge of the two most important Departments of the Government, in addition to the Presidency of the Council, had undertaken a task that was beyond the powers of a single individual.

His Highness replied that he hoped before long to be able to appoint a Minister of Finance, and thus relieve Riaz Pasha from a portion of the work he had undertaken.

He was already in communication with his Excellency on the subject, and he had every reason to believe that they would be able to come before long to an arrangement with regard to the choice of a new Minister.

I then told His Highness that, at the request of Riaz Pasha, I had addressed a telegram to your Lordship expressing his Excellency's hope that the Commission of Liquidation might be appointed as soon as possible, as it was most important that

some arrangement respecting the financial condition of the country should be come to at once, and that it was hopeless to expect a settlement of the question without the assistance of the Commission.

His Highness said that he was glad that I had done so, and he hoped that no delay would take place in the appointment of the Commission. It was impossible for the Egyptian Government to settle the financial question themselves, and until some arrangement were come to they could not carry on the administration in a satisfactory manner.

If, however, a settlement were once made, His Highness was convinced that the present Ministry would have no difficulty in governing the country. His Highness could assure me that the Commission would receive every possible assistance and support, both from him and from the Government. Nothing should be concealed from them, and every facility should be given them for obtaining all the information they might require.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1271.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7.)

(No. 533. Political.)

My Lord,

Cairo, September 30, 1879.

I HAVE the honour to report that Mr. Rowsell returned to Cairo on the 26th instant, and resumed his duties as the English Administrator of the Domains.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1272.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7.)

(No. 534. Political. Confidential.)

My Lord,

Cairo, September 30, 1879.

IT having come to my knowledge that Riaz Pasha had requested the Commission now sitting to inquire into the Custom-house Administration to send in their Report upon the first part of the inquiry with which they were charged, viz., the question of Mr. Archer Shee's disobedience of an order given him by Mr. Scrivenor, I thought it my duty to point out to his Excellency that it appeared to me that this question was so closely connected with the larger question of the Administration of the Customs, that I hoped no final action would be taken until the Commission had completed its labours.

His Excellency replied that he desired to be guided by the recommendations of the Commission, but that, as it would probably take some time before they could finish their inquiry into the Administration of the Customs, he had requested them to send in their Report upon the first portion of it, as, in the interests of the Administration, it was necessary to take some steps with regard to the men at the head of it, at least of a temporary character, in order to prevent the deadlock which apparently existed at present.

I observed that I presumed by this that his Excellency contemplated the suspension of both Mr. Scrivenor and Mr. Archer Shee, for it would be evidently unfair, until the inquiry was completed, to suspend one and leave the other in office. His Excellency would, I had no doubt, agree with me that if one of these gentlemen were to be suspended, it would be impossible for him to find any one to give evidence in his favour.

His Excellency said that such would certainly be the case, and that, therefore, it would be necessary either to suspend them both or not to suspend either. He could not, however, say what action he should have to take until he had received the Report of the Commission.

I then reminded his Excellency that the interests of England in the Customs were so much greater than those of any other Power that it was necessary that the

Administration should be in English hands; and I did not conceal from him my apprehension that attempts would be made to place a foreigner of some other nationality at the head of the Administration.

His Excellency replied that he thought that on that point I need not feel any uneasiness. His present intention was, if the suspension of Mr. Scrivenor and Mr. Archer Shee were necessary, to fill up the post with a native. He could not give me any positive declaration as to what the final arrangements might be until he had consulted his colleagues, but he himself would be opposed to the post being held by any other foreigner except an Englishman. He thought, however, that it might be possible to leave the Administration permanently in the hands of a native Director, and, in answer to a remark of mine that an objection might be made on the ground that such an arrangement did not give sufficient guarantee for the working of the Administration, the receipts of which were affected to the payment of the creditors, his Excellency observed that since the Administration had been in English hands the receipts had considerably fallen off.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1273.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 7, 5:30 P.M.)

(No. 842.)
(Telegraphic.) *Cairo, October 7, 1879, 5 P.M.*

RIAZ PASHA informs me that it has been decided, in consequence of report of Custom-house Commission, to suspend both Mr. Scrivenor and Mr. Archer Shee, and to place Customs temporarily in the hands of Ali Pasha Sadyk, Governor of Alexandria.

No. 1274.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 8, 3:45 P.M.)

(No. 143.)
(Telegraphic.) *Cairo, October 8, 1879, 2 P.M.*

IN the uncertainty that exists with regard to the arrival of the Controllers-General, and the appointment of Commission of Liquidation, Riaz Pasha begs me to inform your Lordship that it is impossible for the present situation of the country to be prolonged. It is impossible for him to take any important step without knowing what the future arrangements are to be. He hesitates to take any engagement with regard to posts to be filled by Europeans in Ministry of Finance without the concurrence of the Controllers-General. Mr. Fitzgerald is, therefore, still unemployed, although he has offered to enter upon his work at once, leaving the question of his permanent appointment to be settled after the arrival of the Controllers-General.

Riaz Pasha wishes to know when the Controllers-General will arrive, and in the meanwhile would be glad to have any advice that your Lordship may have to offer.

No. 1275.

Lord Tenterden to Mr. Hemming.

Sir,
Foreign Office, October 8, 1879.
I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 2nd instant, calling attention to the probable default of His Highness the Khedive on the coupons due on the 10th instant for the Ottoman Defence Loan, and suggesting that his Lordship should remonstrate with His Highness upon the breach of his engagements.

I am, &c.
(Signed) TENTERDEN.

No. 1276.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 9.)

(No. 144.)
(Telegraphic.) *Cairo, October 8, 1879, 5:15 P.M.*

EGYPTIAN Minister for Foreign Affairs is willing to state in his despatch submitting Rothschild Decree that it is understood that the rights legally acquired by the holders of inscriptions previous to the 3rd February "sont et demeurent intacts et qu'il n'y est porté aucune atteinte."

Before taking any engagement for the future, Egyptian Government wish to know, firstly, whether Rothschild will insist that the radiation should be effected *ex officio* in virtue of the Decree; secondly, what attitude Rothschild will take in consequence of failure [?] of their guarantee which will result from previous mortgages being respected, and delay which will result from formal judicial proceedings necessary for the radiation; thirdly, whether Rothschild will consent to pay upon promulgation of the Decree, retaining in their hands an amount equal to the estimated value of the mortgaged property.

No. 1277.

Mr. Adams to the Marquis of Salisbury.—(Received October 9.)

(No. 149.)
(Telegraphic.) *Paris, October 8, 1879, 8:55 P.M.*

FRENCH Government have always understood Rothschild Loan should be devoted to the payment of the floating debt, and see no objection to comply with wish of Germany and Austria by a more precise wording.

No. 1278.

The Marquis of Salisbury to Mr. Lascelles.

(No. 64.)
(Telegraphic.) *Foreign Office, October 9, 1879, 5:20 P.M.*

YOURS No. 143.

A draft Decree is being sent out to you which defines the proposed functions of Controllers.

They themselves cannot come out till draft Decree appointing Commission of Liquidation has been drawn up for submission to Khedive. Delay is caused by legal difficulties arising out of the constitution of Mixed Tribunals.

The utmost efforts are being made to insure despatch, but it is useless to set up a machine which will not work.

No. 1279.

The Marquis of Salisbury to Mr. Lascelles.

(No. 268.)
Sir, *Foreign Office, October 9, 1879.*

WITH reference to your telegram No. 143 of the 8th instant, I have to state to you that you will shortly receive the draft of a Decree defining the functions to be assigned to the Controllers-General.

Major Baring and M. de Blignières cannot, however, proceed to Egypt until the draft of the Decree appointing the Commission of Liquidation has been prepared for submission to the Khedive, and, notwithstanding that every effort has been made to insure dispatch, some delay must necessarily occur before this draft can be settled.

It would be useless to attempt to proceed with the organization of the Control until the measures for the liquidation of the Egyptian finances have been agreed upon, and placed on a secure footing.

I am, &c.
(Signed) SALISBURY.

Mr. Adams to the Marquis of Salisbury.—(Received October 10.)

(No. 1012.)

My Lord,

Paris, October 8, 1879.

I YESTERDAY communicated to M. Waddington a paraphrase of your Lordship's telegram No. 160 of the 6th instant respecting the desire of the German and Austrian Governments, that the Decree respecting the Rothschild Loan should contain words providing that the loan should be devoted exclusively to the payment of the floating debt.

M. Waddington put into my hands this afternoon a memorandum, of which I have the honour to inclose a copy herewith, and from which it appears that the French Government would see no objection to meet the wishes of Germany and Austria by adopting a more precise wording in the proposed Decree.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 1280.

Memorandum.

LE Cabinet de Berlin s'est adressé au Gouvernement Français, pour l'informer de la démarche faite par l'Allemagne et l'Autriche-Hongrie à Londres, en vue d'obtenir que le Décret Khédivial, relatif à l'Emprunt Rothschild soit rédigé de manière à mettre hors de doute l'application exclusive du solde de cet emprunt à la Dette Non-Consolidée Egyptienne.

Dans l'échange d'idées qui a eu lieu à propos de l'élaboration de ce Décret, nous avons toujours compris pour notre part que le solde de l'Emprunt Rothschild recevrait la destination dont il s'agit, et nous ne verrions aucun inconvénient à ce qu'il fut donné satisfaction au vœu des deux Puissances par une rédaction plus précise.

M. Waddington prie M. le Ministre d'Angleterre à Paris de vouloir bien faire connaître à Lord Salisbury la manière de voir du Gouvernement Français.

Paris, le 8 Octobre, 1879.

The Marquis of Salisbury to Mr. Adams.

(No. 1213.)

Sir,

Foreign Office, October 10, 1879.

I HAVE to state to you that I have this day forwarded to Mr. Lascelles copies of the draft Decree drawn up by Major Baring and M. de Blignières, defining the attributions of the Controllers-General in Egypt, to be re-established under the Decree of the 18th November, 1876.

Mr. Lascelles has been directed in a despatch, of which a copy is inclosed, to take no action with regard to the Decree until further instructed to do so by telegraph.

I have to request that you will acquaint M. Waddington with the nature of the instructions given to Mr. Lascelles, and, as it is the wish of Her Majesty's Government to move simultaneously with that of France in this matter, I should be glad to be informed as soon as the Decree is communicated to M. Monge, in order that the British Agent at Cairo may be directed to act in concert with his French colleague in pressing its acceptance upon His Highness the Khedive.

I transmit herewith, for your information, copies of the proposed Decree.

I am, &c.
(Signed) SALISBURY.

The Marquis of Salisbury to Mr. Lascelles.

(No. 271.)

Sir,

Foreign Office, October 10, 1879.

I TRANSMIT to you herewith copies of a draft Decree, defining the attributions of the Controllers-General to be nominated by France and England, whom the Khedive has agreed to reappoint under the Decree of the 18th November, 1876.

You will take no action with regard to the Decree until you are furnished with further instructions, which will be sent to you by telegraph, upon the receipt of which you will communicate it to the Khedive, and press for its acceptance by His Highness.

I am, &c.
(Signed) SALISBURY.

Inclosure in No. 1282.

Projet de Décret.

Attributions des Contrôleurs-Généraux.

VU notre Décret en date du 4 Septembre, 1879;

Considérant que nous nous sommes entendus avec les Gouvernements de la France et de la Grande Bretagne pour que les attributions des Contrôleurs-Généraux soient définies conformément aux dispositions réglementaires ci-après :—

Décrétons :

Article 1^{er}. Les Contrôleurs-Généraux auront les pouvoirs d'investigation les plus étendus sur tous les services publics, y compris ceux dont les recettes ont, en vertu de Décrets ou de contrats, une affectation spéciale.

Les Ministres et les fonctionnaires de tout ordre seront tenus de donner tous les renseignements et de fournir tous les documents qui leur seront demandés par les Contrôleurs-Généraux ou leur délégués.

Le Ministre des Finances notamment produira chaque semaine au Contrôleur-Général un relevé détaillé des recettes et des dépenses faites par la Caisse du Ministère. Chaque Administration fournira également en fin de mois un état détaillé de ses recettes et de ses dépenses.

Art. 2. Les Contrôleurs-Généraux répartiront entre eux d'un commun accord les services publics sur lesquels ils auront à exercer les droits de surveillance et de contrôle qui leur sont conférés par le présent Décret.

Art. 3. Les Gouvernements de la France et de la Grande Bretagne ayant consenti à ce que pour le moment les Contrôleurs-Généraux ne prennent pas part à la direction des Services Administratifs et Financiers, les Contrôleurs-Généraux se borneront actuellement à communiquer, soit à nous, soit à nos Ministres, les observations auxquelles leurs investigations auront donné lieu.

Ils communiqueront également à la Commission de la Dette les faits qui seraient de nature à intéresser les créanciers de la Dette Consolidée.

Ils pourront en outre se réunir en Commission avec les Commissaires de la Dette pour examiner de concert les questions sur lesquelles les Contrôleurs-Généraux, ou les Commissaires de la Dette jugeront utile de délibérer en commun.

Art. 4. Les Contrôleurs-Généraux auront rang et séance au Conseil des Ministres et y auront voix consultative.

Art. 5. A la fin de chaque année, et plus souvent s'ils le jugent nécessaire, les Contrôleurs-Généraux nous rendront compte de leurs travaux dans des rapports qui seront publiés par leurs soins et insérés au "Moniteur Egyptien."

Art. 6. Les Contrôleurs-Généraux ne pourront être relevés de leurs fonctions qu'avec l'assentiment de leurs Gouvernements respectifs.

Ils nommeront et révoqueront les agents dont le concours leur est nécessaire et fixeront le montant de leur traitement.

Art. 7. Le Budget du Contrôle sera arrêté par les Contrôleurs-Généraux. Le montant des crédits sera mis à leur disposition chaque mois par douzième dans les conditions déterminées par le Décret du 12 Mai, 1878, pour le traitement des fonctionnaires.

Sir J. Walsham to the Marquis of Salisbury.—(Received October 11.)

(No. 68.)
(Telegraphic.)

Berlin, October 10, 1879.

WITH reference to my telegram No. 60, Minister for Foreign Affairs informs me that, in consequence of recommendation alluded to in your Lordship's telegram to Mr. Adams No. 160, he telegraphed to Paris, and has learnt that French Government entirely agree with German and Austrian Governments as to necessity of it being made quite clear in the Rothschild Decree that the balance of the loan shall be exclusively devoted to the floating debt.

Without this condition German Government will not consent to the issue of the Decree, but directly they hear it has been accepted they will instruct their Agent at Cairo by telegraph to agree to the Decree.

They learn that the Rothschilds are in favour of this exclusive application of the balance, and have great hopes that your Lordship will not object to it.

No. 1284.

The Marquis of Salisbury to Sir J. Walsham.

(No. 56.)
(Telegraphic.)

Foreign Office, October 11, 1879.

AS other Powers agree, we shall offer no objection to proposed insertion in Decree assigning Rothschild Loan to floating debt.

No. 1285.

The Marquis of Salisbury to Mr. Lascelles.

(No. 66.)
(Telegraphic.)

Foreign Office, October 11, 1879, 5 P.M.

THE Controllers may yet be detained for a month by the negotiations for the Commission of Liquidation, which are all-important.

I think it might be desirable to appoint Deputy Controllers until the Controllers come. Mr. Colvin would probably be our nomination. Would this plan be agreeable to the Khedive? It would remedy the present dead-lock.

No. 1286.

The Marquis of Salisbury to Mr. Egerton.

(No. 637.)
Sir,

Foreign Office, October 11, 1879.

I INCLOSE to you the draft of a Decree which the English and French Governments desire to submit to the Khedive for the purpose of establishing a Commission of Liquidation in Egypt.

It has been drawn up in general consonance with the views of the Austro-Hungarian Government as expressed in the document communicated to me by Count Montgelas on the 25th of August last.

In order that the action of the Commission of Liquidation may be independent and prompt, it appears to Her Majesty's Government to be essential that the five Powers who are to be represented on the Commission should beforehand undertake to accept as obligatory whatever decisions it may adopt with regard to the debts and obligations of the Khedive, and that they should collectively invite the other Powers who co-operated in the establishment of the Mixed Tribunals, or who adhered thereto, to concur in a similar engagement. Without such an understanding, Her Majesty's Government are of opinion that the Commission of Liquidation would accomplish no useful end; and they would not counsel its appointment.

I inclose a draft of a Declaration containing an engagement to this effect, which is intended, if approved, to be signed by each of the five Powers.

I have to instruct you to bring the two documents to the notice of the Austro-Hungarian Government and to solicit their concurrence.

A similar instruction will be addressed to Her Majesty's Representatives at Berlin and at Rome. But as it appears that the German Government guides its action upon this question entirely by the views of the Austro-Hungarian Government, and that the Government of Italy is disposed to follow the same course, the most convenient course will be to conduct the further negotiations upon these proposals at Vienna. In order to place at your disposal the necessary information upon the details of this complicated question, and to give any further assurances with respect to the proposed arrangements which the Austro-Hungarian Government may require, Major Baring and M. de Blignières will repair to Vienna, and will probably arrive at the same time as this despatch.

I am, &c.

(Signed) SALISBURY.

Inclosure 1 in No. 1286.

*Projet de Décret.**

Commission de Liquidation.

VU le Rapport de la Commission Supérieure d'Enquête en date du 8 Avril, 1879;

Considérant que le Décret du 6 Avril, 1876, a prorogé l'échéance des dettes du Gouvernement Egyptien en en diminuant l'intérêt et déclaré la nécessité d'arriver à une "combinaison financière destinée à régler la Dette Egyptienne;"

Considérant que la Commission d'Enquête par son Rapport en date du 8 Avril, 1879, a reconnu l'impossibilité de faire face actuellement à toutes les échéances des diverses dettes consolidées et de liquider intégralement et immédiatement la Dette Non-Consolidée;

Considérant que la Commission d'Enquête a également reconnu que pour qu'il puisse être procédé à une répartition équitable des ressources disponibles entre les créanciers du Gouvernement, il faut que la loi de liquidation qui devra être faite soit obligatoire pour tous les créanciers et soit reconnue comme telle par les Tribunaux de la Réforme;

Considérant qu'il importe de prendre les mesures nécessaires pour lever les difficultés qui s'opposent à ce que les fonds de l'Emprunt Domanial soient versés au Trésor;

Considérant que la loi qui sera préparée par la Commission instituée par le présent Décret a été préalablement acceptée par les cinq Puissances suivantes, savoir: L'Allemagne, l'Autriche-Hongrie, la France, la Grande Bretagne, l'Italie;

Et que ces cinq Puissances se sont engagées à la porter collectivement à la connaissance des autres Puissances qui ont coopéré ou adhéré à l'établissement des Tribunaux Mixtes en Egypte et à les inviter d'y adhérer.

Décrétons:—

Article 1^{er}. Une Commission de Liquidation est instituée.

Après avoir examiné l'ensemble de la situation financière et après avoir entendu les observations des parties intéressées, cette Commission préparera, en prenant comme point de départ les conclusions de la Commission Supérieure d'Enquête, un Projet de Loi réglant les relations du Gouvernement ainsi que des Daïra Sanich et Khassa avec leurs créanciers et déterminant les conditions et les formes dans lesquelles devra s'opérer la liquidation de la Dette Non-Consolidée.

Art. 2. La Commission déterminera les ressources qui pourront être mises à la disposition des créanciers des Dettes Consolidée ou Non-Consolidée, mais elle devra en premier lieu tenir compte de la nécessité de réserver au Gouvernement la libre disposition des sommes indispensables pour assurer la marche régulière des services publics.

Art. 3. La loi qui sera préparée par la Commission sera revêtue de notre sanction et publiée par nous. Dès sa publication la loi sera obligatoire et sans appel, malgré les dispositions du Règlement d'Organisation Judiciaire et des Codes de la Réforme.

Art. 4. Cette Commission sera nommée par Décret. Elle se composera de deux Commissaires désignés par chacun des Gouvernements de France et de Grande Bretagne, et d'un Commissaire désigné par chacun des Gouvernements d'Allemagne, d'Autriche-Hongrie, et d'Italie.

Art. 5. Le crédit nécessaire aux travaux de la Commission sera ouvert par nous conformément au Rapport qui nous sera présenté à cet effet par le Président de la Commission.

* Subject to correction in Paris. See subsequent despatches.

Inclosure 2 in No. 1286.

*Projet de Note Collective.**

VU que sous les Décrets de Son Altesse le Khédive du 2 et du 22 Mai et du 18 Novembre, 1876, Son Altesse a prié les Gouvernements de Grande Bretagne, d'Autriche-Hongrie, de France, et d'Italie de désigner certains officiers à prendre part à l'Administration des Finances de l'Egypte, et que sous le Décret du 30 Mars, 1878, une Commission d'Enquête a été instituée composée de Commissaires Anglais, Français, Autrichiens, et Italiens, et que Son Altesse se propose d'émettre le Décret ci-joint établissant une Commission de Liquidation composée de Commissaires Anglais, Français, Autrichiens, Allemands, et Italiens;

Les Gouvernements d'Allemagne, d'Autriche-Hongrie, de France, de Grande Bretagne et d'Italie sont convenus de donner leur assentiment au dit Décret.

Les dits Gouvernements s'engagent en conséquence à accepter comme obligatoire et sans appel la décision qui sera rendue, en ce qui concerne les obligations et dettes de Son Altesse et de son Gouvernement, par la Commission de Liquidation établie en vertu du dit Décret. Ils consentent ainsi que les décisions de la Commission constituée en vertu du dit Décret soient reconnues par les Tribunaux de la Réforme comme une loi obligatoire aussitôt qu'elles auront été publiées officiellement par le Gouvernement de Son Altesse le Khédive. Les dits Gouvernements s'engagent en outre à porter collectivement cette Convention à la connaissance des Puissances qui ont coopéré ou adhéré à l'établissement des Tribunaux Mixtes institués en Egypte, et à les inviter à y adhérer.

No. 1287.

The Marquis of Salisbury to Mr. Egerton.

(No. 638.)

Sir,

Foreign Office, October 11, 1879.

WITH reference to my preceding despatch No. 637 of this day's date, I transmit to you herewith, for your information only, copies of *notes explicatives* containing the views of Major Baring and M. de Blignières as to the powers of the Commission of Liquidation.

I am, &c.

(Signed) SALISBURY.

Inclosure 1 in No. 1287.

Note Explicative.

LE Projet de Décret ci-joint laisse à la Commission de Liquidation toute liberté pour trancher dans le sens qui lui conviendra la question du paiement par privilège des jugements et des créances hypothécaires. Prévoyant cependant que les autres Gouvernements pourront demander que les pouvoirs de la Commission soient restreints à l'un ou l'autre de ces points de vue, nous croyons devoir soumettre à nos Gouvernements les observations suivantes qu'il conviendrait, croyons-nous, d'opposer à ces demandes que nous devons prévoir, bien que nous les considérons comme mal fondées en droit et en équité:—

1.—Paiement Intégral des Jugements.

Demander que les jugements des Tribunaux de la Réforme soient intégralement payés, ce serait demander que ces jugements produisissent des effets que ne produiraient en cas pareil les jugements d'aucune magistrature Européenne. Dans le cas où les biens du débiteur ne sont pas suffisants pour désintéresser tous les créanciers, le fait d'avoir obtenu un jugement ne confère au porteur de ce jugement d'autre avantage que celui de ne pas voir contester le montant de sa créance.

Il y a du reste impossibilité matérielle de payer intégralement le montant de toutes les condamnations prononcées contre le Gouvernement et de toutes celles qui résulteront de procédures déjà engagées.

* Subject to correction in Paris. See subsequent despatches.

2.—Paiement Intégral des Créances Hypothécaires.

Il n'y a pas là impossibilité matérielle, mais, par des raisons exposées dans une note ci-jointe, nous pensons que nos Gouvernements ne devraient accepter cette restriction aux pouvoirs de la Commission que si on ne pouvait autrement arriver à un accord avec les Puissances, et que, même en ce cas, il conviendrait de dégager leur responsabilité.

(Signé) DE BLIGNIÈRES.
E. BARING.

Paris, le 29 Septembre, 1879.

Inclosure 2 in No. 1287.

*Note Explicative.**Note sur les Créances Hypothécaires.*

UN Décret du 26 Octobre, 1878, a autorisé le Ministre des Finances à contracter un emprunt de 8,500,000*l.* nominales, et les membres de la famille du Khédive ont cédé pour servir de garantie à cet emprunt des terres sur lesquelles hypothèque devait être prise au nom de MM. de Rothschild, contractants de l'emprunt.

La difficulté d'arriver à la désignation exacte des biens a fait que cette hypothèque n'a pu être inscrite avant les 2-3 Février, 1879.

Dans l'intervalle du 26 Octobre, 1878, au 3 Février, 1879, un certain nombre de créanciers ont pris hypothèque sur ces mêmes biens.

Le Tribunal du Caire, saisi de la question de savoir si ces dernières hypothèques étaient valables, a déclaré qu'elles ne l'étaient pas. Il a considéré que les créanciers de l'Etat n'avaient aucuns droits à prétendre sur des biens qui n'étaient sortis du domaine privé des Princes qu'à la condition de servir de gage à l'Emprunt Rothschild.

La Cour d'Alexandrie a réformé ce jugement.

C'est sans doute pour se conformer à l'opinion de la Cour que certains Gouvernements demandent que les hypothèques prises antérieurement au 3 Février produisent leurs pleins effets.

Voici les conséquences pratiques de ce système:—

Si on vend aujourd'hui les immeubles domaniaux sur lesquels portent les hypothèques prises par les créanciers, il n'est pas à espérer que dans les circonstances financières actuelles on puisse en obtenir un prix supérieur à la moitié de leur valeur.

Il est à observer que, si on maintient les hypothèques, il est impossible d'empêcher la vente qu'ont autorisée les Tribunaux. Pour l'empêcher il faudrait en effet avec les fonds de l'emprunt désintéresser tous les créanciers hypothécaires; or, les créances hypothécaires s'élèvent environ à 900,000*l.*, et les payer intégralement serait par conséquent conférer aux créanciers un avantage qui ne résulte pas de leurs hypothèques; car il est hors de doute que le prix de vente sera très-notablement inférieure à 900,000*l.*

En outre, il ne faut pas perdre de vue que l'Article 727 du Code Civil Egyptien a conféré aux employés, sur tous les meubles et immeubles, un privilège pour six mois de traitements arriérés, que le Tribunal du Caire a déjà appliqué ce principe dans un jugement dont appel n'a pas été relevé, et que les arriérés de traitements peuvent être évalués, d'après les renseignements fournis à la Commission d'Enquête, à environ 1,200,000*l.*, représentant les traitements de quinze mois environ.

Après la vente la situation sera donc celle-ci:

Jusqu'à concurrence de 400,000*l.*, le prix de vente devrait être distribué aux employés.

Si, par impossible, le prix de vente était supérieur à cette somme, un ou deux créanciers tout au plus seraient désintéressés.

MM. de Rothschild, contractants de l'emprunt, auxquels une première hypothèque a été promise, prétendront sans doute avoir le droit de retenir sur les sommes à verser une somme égale non pas au prix de vente mais à la valeur réelle des immeubles vendus, et ainsi la différence entre le prix de vente et la valeur réelle des immeubles sera perdue pour la masse des créanciers: aucun d'eux n'en profitera.

On comprendra combien il est regrettable, lorsqu'on ne dispose que d'une somme déjà fort insuffisante pour désintéresser les créanciers de la Dette Consolidée, que cette somme soit réduite encore dans des proportions très-considérables.

Le seul moyen d'éviter ce grave inconvénient c'est de n'apporter aucune restriction

aux pouvoirs de la Commission, et de la laisser libre d'opérer entre tous les ayants-droit une répartition équitable des ressources disponibles.

La Commission s'inspirant des principes de l'équité la plus évidente ne voudra certainement pas qu'un petit nombre de jugements soient intégralement payés au préjudice des porteurs d'autres jugements, et cela par respect pour les hypothèques dont la validité est tout au moins contestable, car si la Cour d'Alexandrie l'a admise, le Tribunal du Caire a refusé de la reconnaître.

Il est certain qu'au moment où apparaîtront les conséquences pratiques de la mesure dont il s'agit, elle soulèvera de très-nombreuses et légitimes protestations. En effet, la distinction que l'on veut établir entre les différentes classes de créanciers est contraire à l'esprit de la loi. Si la loi n'a pas prévu le cas de déconfiture du Gouvernement, elle a tracé des règles pour le cas analogue de faillite d'un particulier. Or, comme l'a fait ressortir, sur la proposition du Commissaire Autrichien, la Commission d'Enquête, ce sont ces règles qu'il est à désirer de voir appliquer, dans la plus large mesure possible, à la déconfiture du Gouvernement.

(Signé) DE BLIGNIÈRES.
E. BARING.

Paris, le 29 Septembre, 1879.

ÉTAT des Inscriptions Hypothécaires prises sur les Immeubles Domaniaux.

Immeubles du Caire.					£ st.	£ st.
Revenu annuel	..	..	..	..	4,000	
Valeur réelle	..	..	..	..	40,000	
Prix de vente probable	..	..	..	..	..	20,000
Inscriptions Hypothécaires.						
Heller et Goldsmith	..	..	..	..	63,000	
Ménager	..	..	..	..	29,600	
Lepori	..	..	..	..	33,000	
Worms	..	..	..	..	63,000	
Ismalum	..	..	..	..	64,000	
Tivoli	..	..	..	..	3,000	
Ruchsbaum Wegensberg	..	..	..	..	12,000	
Brocard	..	..	..	..	65,000	
Dixon	..	..	..	..	39,000	
Lepori	..	..	..	..	3,000	
Zintzos	..	..	..	..	15,000	
						389,000
Déficit	..	..	..	..	..	369,000
Immeubles d'Alexandrie.					£ st.	£ st.
Revenu annuel	..	..	..	..	24,000	
Valeur réelle	..	..	..	..	240,000	
Prix de vente probable	..	..	..	..	..	120,000
Inscriptions Hypothécaires.						
Turin Frères	..	..	..	..	25,000	
Stagni	..	..	..	..	1,400	
Ghisi Ristk Ghirghi	..	..	..	..	9,000	
Charmand	..	..	..	..	39,000	
Erlanger	..	..	..	..	60,000	
Jacoub Simon	..	..	..	..	3,300	
Marinetti	..	..	..	..	4,100	
Caprara	..	..	..	..	18,000	
Gauthier	..	..	..	..	46,000	
Marchetto Mondolfo	..	..	..	..	14,000	
Caprara Mondolfo	..	..	..	..	2,500	
Pracisses et Fils, et Racine et Fils	..	..	..	..	6,600	
Worms et Cie.	..	..	..	..	63,000	
Casse, Zizinia	..	..	..	..	35,000	
Menandro Zizinia	..	..	..	..	4,000	
Vododich	..	..	..	..	5,000	
Banque d'Egypte	..	..	..	..	190,000	
Caralambo Szatari	..	..	..	..	250	
						526,150
Déficit	..	..	..	..	..	406,150

No. 1288.

The Marquis of Salisbury to Mr. Adams.

(No. 1217.)

Sir,

Foreign Office, October 11, 1879.

I INCLOSE copies of documents, noted in the margin,* with reference to the projected liquidation of the debts of the Khedive.

Some modifications have been made in the drafts, both of the Decree and of the note, to which I should wish you to invite the consent of M. Waddington.

In the Decree of Liquidation some formal changes have been made after consultation with the Lord Chancellor, in order to add to the efficacy and binding force of the Decree. I have also altered the words "en tenant compte autant que possible" into the words "en prenant comme point de départ," in order to avoid the possible misapprehension that the liquidators were debarred from departing from the last report of the Commission of Inquiry, except in cases of sheer necessity.

The alterations which have been made in the note are chiefly verbal, and have for their object to avert the possibility of advantage being taken by dissatisfied creditors of the non-assent of one or more of the less interested Powers.

I am, &c.
(Signed) SALISBURY.

No. 1289.

The Marquis of Salisbury to Mr. Lascelles.

(No. 273.)

Sir,

Foreign Office, October 11, 1879.

AS it is possible that the gentlemen appointed to the post of Controllers-General of Egyptian finances may be prevented for a month from proceeding to Egypt on account of the pending negotiations for the appointment of the Commission of Liquidation, which are of the greatest importance, it would, in the opinion of Her Majesty's Government, be desirable that Deputy Controllers should be named to act for the Controllers until such time as they may arrive at Cairo, in which case Her Majesty's Government would probably nominate Mr. Colvin as their representative.

I have this day instructed you by telegraph to ascertain and report to me whether this plan, which would remedy the embarrassment at present arising from the absence of the Controllers, would be agreeable to His Highness the Khedive.

I am, &c.
(Signed) SALISBURY.

No. 1290.

Sir J. Walsham to the Marquis of Salisbury.—(Received October 13.)

(No. 490. Confidential.)

My Lord,

Berlin, October 10, 1879.

IN my telegram No. 60 of the 17th ultimo I informed your Lordship that, on my asking the Minister for Foreign Affairs whether he would be prepared to instruct the German Representative at Cairo to accept the new Rothschild Decree with the Additional Article, the nature of which I verbally explained, his Excellency assured me that such instructions would be sent, but on the understanding that the mortgages on the Daira lands of a date prior to the 3rd February last should retain all their privileges, and that the balance of the Rothschild Loan should be exclusively devoted to the Egyptian floating debt.

I subsequently had an opportunity of showing M. de Radowitz confidentially a copy of the amended Decree which it was proposed that the Khedive should submit to the Representatives of the Powers in Egypt, and his Excellency then seemed to be of opinion that it would meet the views of Germany both as regards the mortgages and the application of the balance of the loan.

From what I afterwards heard, however, I had reason to believe that the German Government were not satisfied with the wording of the new Decree in respect to the

* Nos 1286 and 1287 and their Inclosures.

application of the balance, and I was convinced that such was the case after reading your Lordship's telegram to Mr. Adams No. 160 of the 6th instant.

I therefore took an opportunity to-day of speaking to M. de Radowitz on the subject, and his Excellency informed me that, on reading the Decree with greater care, he observed that, whatever might be the exact meaning which it was intended to attach to the term "Egyptian Debt," it was clear that it need not of necessity refer solely to the floating debt; and as, in the opinion of the German Government, the balance of the loan should be exclusively devoted to this particular debt, it was thought advisable that this point should be determined before a final decision was taken as to the acceptance of the new Decree to be issued by the Khedive.

Austria, his Excellency added, held precisely the same view as Germany on this matter, and he had just learnt that the Government of France also, as well as Messrs. Rothschild themselves, fully shared it. He had great hopes, therefore, that your Lordship's sanction to the proposed plan of dealing with the balance of the Rothschild Loan would not be withheld, as, unless the Decree left no doubt as to the floating debt being the one to which this balance was to be applied, the German Agent at Cairo could not be instructed to accept it.

I have, &c.
(Signed) JOHN WALSHAM.

No. 1291.

The Marquis of Salisbury to Sir J. Walsham.

(No. 507.)
Sir,

Foreign Office, October 13, 1879.

I HAVE to state to you that as the other Powers agree, Her Majesty's Government will make no objection to the proposed insertion in the Decree assigning the Rothschild Loan to the floating debt.

I am, &c.
(Signed) SALISBURY.

No. 1292.

Mr. Adams to the Marquis of Salisbury.—(Received October 14.)

(No. 1027.)
My Lord,

Paris, October 13, 1879.

I HAVE informed M. Waddington that I have received from your Lordship a telegram stating that you had telegraphed on the 11th instant to Her Majesty's Chargé d'Affaires at Berlin that as the other Powers agree to the proposed insertion in the Rothschild Loan Decree assigning that loan to the floating debt, Her Majesty's Government will offer no objection.

I have, &c.
(Signed) F. O. ADAMS.

No. 1293.

Mr. Adams to the Marquis of Salisbury.—(Received October 14.)

(No. 150.)
(Telegraphic.)

Paris, October 13, 1879, 10:30 P.M.

CONTROLLERS and I saw M. Waddington at 6.

His Excellency agrees to your alteration to "taking as point of departure." He reserves opinion on some points, and we are to see him to-morrow at 3. Hope to send documents for approval by messenger to-morrow.

No. 1294.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 14, 5:45 P.M.)

(No. 145.)
(Telegraphic.)

Cairo, October 14, 1879, 3 P.M.

IT was decided at a Cabinet Council yesterday to agree to appointment of Deputy Controllers-General, and to accept Mr. Colvin.

M. Monge, who has received no instructions on the subject, has telegraphed to the French Government to suggest appointment of M. Bellaigue de Bughaz.

The draft Decree mentioned in your telegram No. 64 will, I presume, reach me on Thursday night. I propose, on its receipt, to ask Riaz Pasha to issue it as soon as possible, and, at the same time, to issue another Decree appointing the Deputy Controllers-General.

No. 1295.

Mr. Adams to the Marquis of Salisbury.—(Received October 15.)

(No. 1033.)
My Lord,

Paris, October 13, 1879.

MAJOR BARING arrived in Paris this morning, and, accompanied by M. de Blignières, brought me your Lordship's despatch No. 1217 of the 11th instant, with its inclosures. He stated that it was important that we should all see M. Waddington at once, in order that the draft *Projet de Décret* and *Note Collective* on Egyptian matters, which accompanied your Lordship's despatch, might be submitted to his Excellency.

M. Waddington was attending a Cabinet Council at the Elysée, and could only receive us at 6 o'clock, and M. Desprez was present at the interview.

M. Waddington at once agreed to your Lordship's alteration of the words "en tenant compte autant que possible" into the words "en prenant comme point de départ" in the Decree, though he contended that the French expression "autant que possible," was not as strong as your Lordship seemed to think, and was of less force than the literal translation into English of the French words.

His Excellency made certain reserves on different points, which it is hardly necessary to enter upon this evening, as he promised to examine the documents, and receive us again to-morrow at 3 o'clock in the afternoon.

I have, &c.
(Signed) F. O. ADAMS.

No. 1296.

Mr. Adams to the Marquis of Salisbury.—(Received October 15.)

(No. 1039.)
My Lord,

Paris, October 14, 1879.

WITH reference to the question raised by your Lordship as to appointing Deputy Controllers in Egypt to act during the interval that must elapse before the Controllers-General arrive in that country, M. Waddington thinks that there are some objections to this course. He points out that at present the Controllers-General themselves have no power to appoint Deputies; hence the latter would have to be suggested to the Egyptian Government by the English and French Governments, and he is unwilling to commence a new negotiation which might cause trouble, for a temporary object, especially as only a very short time has elapsed since, at the instance of England and France, Major Baring and M. de Blignières were accepted by the Khedive as Controllers-General.

M. Waddington is therefore inclined to think that a better course would be for the Controllers-General to communicate their advice in writing to the Egyptian Government on any important point, as, indeed, they are about to do with reference to the payment of the November coupon, and to bear with the temporary evils which may arise from the absence of the Controllers-General from their posts.

I have, &c.
(Signed) F. O. ADAMS.

Mr. Adams to the Marquis of Salisbury.—(Received October 15.)

(No. 1041.)

Paris, October 14, 1879.

My Lord,

M. WADDINGTON received Major Baring and M. de Blignières with me this afternoon, and gave to us copies of the *Projet de Décret* and *Note Collective*, with the alterations which he proposed to make in the original drafts, as inclosed to me in your Lordship's despatch No. 1217 of the 11th instant.

I have the honour to inclose herewith copies of these documents as altered.

As regard the *Projet de Décret*, the form of the 4th "Considérant" has been altered, but the sense remains the same, with one exception. Instead of the words "qui ont coopéré ou adhéré" at the close of the paragraph, the words "qui ont pris part" have been substituted. M. Waddington's opinion was that under the original form it would be binding on the five Powers concerned to make a collective representation to all the Powers of the world, since all have either cooperated in the institution of the Reformed Tribunals, or adhered to them subsequently. This, he thought, was unnecessary. He considered it sufficient if the five Powers agreed to address such other Powers as had nominated Judges. This object would be attained by the formula he proposes.

No other alteration has been made in the *Projet de Décret*, except that the 2nd paragraph of Article 3 the word "cette" has been substituted for "la" before the word "Loi."

Your Lordship will observe that M. Waddington has proposed considerable modifications in the Preamble of the *Note Collective*. He considers that it would be difficult, without entering into some detail, to define the degree in which the four Powers named in the Preamble, viz., England, Austria, France, and Italy, had been severally invited to take part in the administration of Egyptian finance. He, therefore, proposes to simplify the matter by alluding to the Commission of Inquiry only, without going back to the Decree of 1876.

The only other changes which seem to be of any importance proposed by M. Waddington are the following:—

1. At the instance of the Controllers-General the words "du Gouvernement Egyptien ainsi que des Daira Kassah et Sanieh" have been substituted for "Son Altesse et son Gouvernement." The Controllers-General think that it is desirable that these Dairas should be specifically mentioned.

2. The word "Déclaration" has been substituted for "Convention," as more fittingly descriptive of the document in question.

4. For the reasons given in treating of the same alteration in the *Projet de Décret*, the words "pris part" are proposed in substitution for the words "coopéré ou adhéré."

One or two other purely verbal alterations have been made to which I need hardly draw your Lordship's special attention.

I have, &c.

(Signed) F. O. ADAMS.

Inclosure 1 in No. 1297.

Draft of Note Collective.

CONSIDÉRANT que par un Décret en date du 30 Mars, 1878, une Commission Spéciale a été chargée d'ouvrir une enquête sur la situation financière de l'Egypte et de réunir les éléments d'un règlement général, et que par un nouveau Décret dont le texte est ci-joint, Son Altesse le Khédive se propose de constituer une Commission de Liquidation définitive composée de membres Allemands, Austro-Hongrois, Français, Anglais, et Italiens, les Gouvernements d'Allemagne, d'Autriche-Hongrie, de France, de Grande Bretagne, et d'Italie sont convenus de donner leur assentiment au dit Décret.

Les Gouvernements précités s'engagent en conséquence à accepter comme obligatoire et sans appel la décision qui sera rendue en ce qui concerne les obligations et dettes du Gouvernement Egyptien ainsi que des Dairas Kassah et Sanieh par la Commission de Liquidation établie en vertu du dit Décret. Ils consentent ainsi à ce que les décisions de la Commission constituée en vertu de ce Décret soient reconnues par les Tribunaux de la Réforme comme une loi obligatoire aussitôt qu'elles auront été publiées officiellement par le Gouvernement de Son Altesse le Khédive.

Les Gouvernements d'Allemagne, d'Autriche-Hongrie, de France, de Grande Bretagne, et d'Italie s'engagent, en outre, à porter collectivement cette Déclaration à la connaissance des Puissances qui ont pris part à l'établissement des Tribunaux Mixtes institués en Egypte et à les inviter à y adhérer.

Inclosure 2 in No. 1297.

Projet de Décret.—Commission de Liquidation.

VU le Rapport de la Commission Supérieure d'Enquête en date du 8 Avril, 1879.

Considérant que le Décret du 6 Avril, 1876, a prorogé l'échéance des dettes du Gouvernement Egyptien en en diminuant l'intérêt et déclaré la nécessité d'arriver à une combinaison financière destinée à régler la dette Egyptienne;

Considérant que la Commission d'Enquête par son Rapport en date du 8 Avril, 1879, a reconnu l'impossibilité de faire face actuellement à toutes les échéances des diverses Dettes Consolidées, et de liquider intégralement et immédiatement la Dette Non-Consolidée;

Considérant que la Commission d'Enquête a également reconnu que pour qu'il puisse être procédé à une répartition équitable des ressources disponibles entre les créanciers du Gouvernement il faut que la Loi de Liquidation qui devra être faite soit obligatoire pour tous les créanciers et soit reconnue comme telle par les Tribunaux de la Réforme;

Considérant qu'il importe de prendre les mesures nécessaires pour lever les difficultés qui s'opposent à ce que les fonds de l'Emprunt Domaniak soient versés au Trésor;

Considérant que l'Allemagne, l'Autriche-Hongrie, la France, la Grande Bretagne, et l'Italie ont déclaré qu'elles acceptaient d'avance la loi qui sera préparée par la Commission instituée en vertu du présent Décret et qu'elles se sont engagées à la porter collectivement à la connaissance des autres Puissances qui ont pris part à l'établissement des Tribunaux Mixtes en Egypte et à les inviter d'y adhérer.

Décrétons:—

Article 1^{er}. Une Commission de Liquidation est instituée. Après avoir examiné l'ensemble de la situation financière et après avoir entendu les observations des parties intéressées, cette Commission préparera, en prenant comme point de départ les conclusions de la Commission Supérieure d'Enquête, un *Projet de Loi* réglant les relations du Gouvernement ainsi que des Dairas Sanieh et Kassah, avec leurs créanciers et déterminant les conditions et les formes dans lesquelles devra s'opérer la liquidation de la Dette Non-Consolidée.

Art. 2. La Commission déterminera les ressources qui pourront être mises à la disposition des créanciers des Dettes Consolidées ou Non-Consolidées, mais elle devra en premier lieu tenir compte de la nécessité de réserver au Gouvernement la libre disposition des sommes indispensables pour assurer la marche régulière des services publics.

Art. 3. La loi qui sera préparée par la Commission sera revêtue de notre sanction et publiée par nous. Dès sa publication cette loi sera obligatoire et sans appel malgré les dispositions du Règlement d'Organisation Judiciaire et des Codes de la Réforme.

Art. 4. Cette Commission sera nommée par Décret. Elle se composera de deux Commissaires désignés par chacun des Gouvernements de France et de Grande Bretagne, et d'un Commissaire désigné par chacun des Gouvernements d'Allemagne, d'Autriche-Hongrie, et d'Italie.

Art. 5. Le crédit nécessaire aux travaux de la Commission sera ouvert par nous conformément au Rapport qui nous sera présenté à cet effet par le Président de la Commission.

No. 1298.

Messrs. Hardy Bros. to the Marquis of Salisbury.—(Received October 15.)

My Lord, 13, Copthall Court, Throgmorton Street, October 13, 1879.
WE have the honour, on behalf of ourselves and others, to transmit, for your Lordship's perusal and consideration, a copy of a protest which we have this day forwarded to his Excellency Musurus Pasha.

We have to beg your Lordship's support in behalf of the said memorial.

We have, &c.

(Signed) HARDY BROS.

Inclosure in No. 1298.

Messrs. Hardy Bros. and others to Musurus Pasha.

Excellency,

WE beg to submit the following statement for your gracious consideration :—

That whereas the Imperial Turkish 6 per Cent. Loan of 1854 and the Imperial Ottoman 6 per Cent. Egyptian Tribute Loan of 1871 were respectively secured by Firman of His Majesty the Sultan on the tribute payable to Turkey by His Highness the Khedive of Egypt: and whereas money arising from such tribute was regularly paid into the Bank of England for the service of the said loans, and paid to the bondholders until October 1875, when a temporary suspension of payment occurred: and whereas a fresh arrangement was entered into on the 17th September, 1877, between His Imperial Majesty the Sultan of Turkey, His Highness the Khedive of Egypt, and the bondholders of the respective loans, by which, on account of the bondholders consenting to a reduction of interest and sinking fund, the Imperial Ottoman Government were enabled to raise a fresh loan of 5,000,000*l.*, called the Ottoman Defence Loan, and in consideration of which sacrifice on the part of the bondholders, for the purpose of making the payment of the interest and sinking fund, if possible, more secure for the future, the Imperial Ottoman Government directed the Khedive of Egypt to pay to the Bank of England, out of the Egyptian Tribute, sums sufficient for the service of such loans, at least fifteen days before each 10th day of April and 10th day of October; and the Khedive of Egypt, on his part, acknowledged such direction, and bound himself and his successors so to remit and pay the said sums into the Bank of England: and whereas the dividends due on the 10th October instant still remains unpaid, although the dividend on the Egyptian Railway Loan and the dividend on the Daira Sanieh, due on the 15th October instant, have both been advertised for payment, we beg most respectfully but firmly to enter a protest against this preferential appropriation, as we feel that not only a grave affront is thereby offered to the Turkish Government, but a serious injustice done to the bondholders, for we contend that the Loans of 1854 and 1871 and the Ottoman Defence Loan (not ignoring the rights of the 1855 Loans) have a first charge in all the revenues of Egypt as being the tribute due by a subordinate Ruler to his Suzerain, the payment of which is one of the conditions of the tenure by which the former holds his territory, and we would most respectfully suggest to your Excellency that the Ottoman Government be solicited to use its authority with the Egyptian Government, so that not only the dividends due on the 10th instant be promptly paid, but that such arrangements may now be made as will insure for the future the punctual payment of the dividends, so that the solemn engagement entered into by the Khedive in September 1877 be carried out in its entirety.

We are, &c.

(Signed) **HARDY BROS.**
(And 10 other Firms.)

No. 1299.

Messrs. Rothschild at Paris to Messrs. Rothschild at London.—(Communicated to the Marquis of Salisbury by Baron N. de Rothschild, October 15.)

Mes chers Cousins,

Paris, le 14 Octobre, 1879.

AINSI que nous vous l'avons écrit hier, nous avons eu ce matin une nouvelle conférence avec M. Benjamin et M. Coulon pour étudier la réponse qui pouvait être faite au Gouvernement Egyptien relativement à la note que vous nous avez communiquée.

Après une longue discussion et un examen approfondi ces messieurs ont été d'avis qu'il pourrait y avoir de sérieux inconvénients à faire une réponse indiquant la somme que nous entendions retenir sur l'emprunt pour verser le surplus aussitôt après la promulgation du Décret d'insaisissabilité. La situation est en effet si compliquée qu'il est presque impossible de trouver une formule simple et catégorique de nature à nous donner toute sécurité.

Si nous demandons à retenir le montant total des créances hypothécaires, nous risquons de nous trouver à découvert, dans le cas où certains domaines seraient vendus, à la requête des créanciers, pour une somme très-inférieure à leur valeur réelle. Si, par exemple, un immeuble valant pour nous 10,000,000 fr. à raison de son revenu se trouvait vendu pour 5,000,000 fr., et qu'il fut grevé de 6,000,000 fr. d'hypothèques, notre gage se

trouverait réduit de 10,000,000 fr. alors que nous n'en aurions retenu que 6,000,000 fr., d'où une perte de 4,000,000 fr.

On nous propose, il est vrai, de retenir valeur estimative des propriétés grevées d'hypothèques, mais comment fera-t-on l'évaluation de ces propriétés? Il faudra pour cela une expertise qui durera longtemps peut-être et dont nous devons dans notre réponse déterminer la forme et les bases d'estimation. Non-seulement il faudrait rechercher les conditions de cette expertise de manière à nous assurer toute sécurité, mais l'énonciation même des conditions que nous mettrions à notre acceptation pourrait être interprétée comme une difficulté soulevée par nous et donner lieu à des discussions pouvant amener de nouveaux retards.

Nous avons également examiné une autre solution qui aurait consisté à verser tout le produit de l'emprunt entre les mains d'un sequestre, à titre de consignation, à la charge, par ce sequestre, de nous rapporter la main-levée des inscriptions. Mais de l'avis de nos conseils cette solution serait dangereuse; car, après avoir aussi longtemps refusé de nous dessaisir du produit de l'emprunt à cause de l'inexécution de certaines parties de notre contrat, nous ne pourrions aujourd'hui verser entre les mains d'un tiers que sous notre responsabilité, et si ce tiers se trouvait hors d'état de réaliser toutes les conditions du contrat, et se fût dessaisi des fonds, les souscripteurs pourraient nous rendre responsable de la faute commise par le sequestre choisi ou accepté par nous. Enfin, il ne faut pas oublier qu'une fois complètement dessaisi des fonds il nous sera bien difficile d'exercer une action utile sur le règlement des questions encore pendantes.

Mais si nos conseils sont unanimement d'avis qu'il y a un danger réel à répondre catégoriquement aux questions qui nous sont communiquées, ils sont également d'accord pour reconnaître que rien ne nous oblige à répondre directement à des questions qui ne nous sont pas posées personnellement, et dont nous ne nous sommes pas, à proprement parler, officiellement saisis. Pour examiner ce côté de la question nous avons cru devoir convier à notre rendez-vous MM. de Blignières et Baring, qui, en qualité de Contrôleurs-Généraux, seront certainement consultés par leurs Gouvernements respectifs sur l'attitude qu'ils auront à prendre en présence de la communication du Gouvernement Egyptien. L'opinion de M. Benjamin et de M. Coulon est en effet que nous ne devons faire aucune réponse, mais que nous devons chercher à obtenir de nos Gouvernements qu'ils répondent en leur nom à l'Egypte que les questions communiquées ne sont pas susceptibles d'une solution immédiate, que d'ailleurs leur solution n'a pas de rapport avec le Décret d'insaisissabilité qui est maintenant approuvé, et qui doit être promulgué sans retards et sans commentaires. Qu'enfin ces questions sont plutôt du ressort de la Commission de Liquidation, qui seule peut disposer du produit de l'emprunt, que du Gouvernement Egyptien, et qu'aussitôt cette Commission constituée elle se mettra en rapport avec MM. de Rothschild, lesquels ont donné les assurances les plus formelles de leur sincère désir de se prêter loyalement à toute combinaison de nature à faciliter le versement de l'emprunt sans compromettre la sincérité des souscripteurs.

Désirant amener notre Gouvernement à faire, en son nom, cette réponse au Gouvernement Egyptien, nous sentons l'importance qu'il y avait à la faire accepter d'abord par les Contrôleurs-Généraux, qui seraient certainement consultés.

Mais nous sommes dès l'abord heurtés contre les idées préconçues de Mr. Baring et de M. Blignières qui, eux, ne voient qu'une solution, la radiation des hypothèques purement et simplement en vertu des pleins pouvoirs de la Commission de Liquidation.

Ils prétendent que sans cette mesure la liquidation sera presque impossible puisque les hypothèques absorberont la plus grande partie des ressources disponibles au détriment des autres créanciers. Ils reconnaissent que la question paraît tranchée contre eux; mais ils espèrent encore faire revenir les Puissances sur leur détermination, et à cet effet ils comptent partir pour Vienne afin d'essayer la puissance de leurs arguments sur le Gouvernement le plus récalcitrant à leurs idées.

Nous sommes cependant parvenus, je crois, à leur démontrer que la réponse que nous voulons conseiller à notre Gouvernement, n'est en aucune façon contraire à leurs vues, et qu'elle se concilie mieux que toute autre, avec leurs projets. Ils ont paru en effet se rallier à notre proposition et nous pouvons espérer que lorsqu'ils seront consultés ils appuieront notre projet.

Nous nous sommes ensuite rendus auprès d'un des Directeurs du Ministère des Affaires Etrangères pour lui soumettre la réponse que nous demandons au Gouvernement d'adresser au Caire.

M. Desprès nous a fait observer que le Gouvernement Français ne se considérait comme saisi d'aucune question; que la communication qu'il avait reçue du Consul de France était purement officieuse et à titre de renseignement, et qu'il ne se croyait obligé à faire aucune réponse. Nous lui avons objecté que le Gouvernement Anglais ne paraissait

pas avoir interprété cette communication de la même manière; puisqu'il en avait officieusement, il est vrai, donné connaissance à notre maison de Londres. Il nous a dit alors que si le Gouvernement Anglais avait été régulièrement saisi de ces questions c'était à lui qu'il appartenait de répondre. Il a ajouté cependant que le Ministre devait avoir à cet égard aujourd'hui même une Conférence avec les deux Contrôleurs-Généraux, et que si nous voulions venir le voir après cette Conférence, soit, vers 4 heures, nous pourrions lui soumettre nos idées et examiner avec lui la suite qu'on peut donner à cet incident.

A mon retour de notre entrevue avec le Ministre j'ajouterai, si le temps ne me manque pas, quelques mots à cette lettre, pour vous en faire connaître le résultat.

M. Benjamin nous a prévenus qu'il n'aurait pas le temps de vous écrire aujourd'hui, mais qu'il vous écrirait demain. Je puis d'ailleurs vous dire qu'il est entièrement d'accord avec nous sur tout ce qui précède, et qu'il est venu avec moi ce matin au Ministère.

Je reviens à l'instant de chez M. Waddington, que j'ai trouvé assez hésitant après sa conversation avec Messrs. Baring et Blignières. Il m'a répété qu'il ne croyait pas avoir une réponse à faire, la dépêche du Consul de France étant un simple renseignement et pas même une communication. Je lui ai fait sentir toute l'importance qu'il y avait à en finir avec notre Décret avant la rentrée des Tribunaux en Egypte, et je lui ai démontré qu'il ne pouvait y avoir nul inconvénient à presser le Gouvernement Egyptien à publier sans retard le Décret qui est maintenant approuvé par toutes les Puissances, ainsi que cela résulte notamment des dépêches que nous avons reçues de Bleichroeder et de Belmont. Le Ministre a paru ébranlé par mes observations; il m'a dit qu'il y réfléchirait jusqu'à demain, et qu'il nous ferait connaître sa résolution. Nous vous engageons à agir dans le même sens auprès de votre Gouvernement, et d'abandonner toute idée de répondre personnellement à des questions dont nous ne sommes pas régulièrement saisis.

Tâchez d'obtenir du Foreign Office qu'il télégraphie au Caire pour presser sur le Gouvernement afin qu'il promulgue immédiatement le Décret en ajoutant que les questions soulevées seront résolues entre la Commission de Liquidation et MM. de Rothschild, qui donneront toutes les facilités possibles pour le versement des fonds.

Si vous obtenez cela du Ministère, télégraphiez-le nous; cela contribuera à mettre fin aux indécisions de M. Waddington.

Recevez, &c.
(Signé) DE ROTHSCHILD FRÈRES.

No. 1300.

Mr. Adams to the Marquis of Salisbury.—(Received October 15.)

(No. 151.)
(Telegraphic.)

Paris, October 14, 1879.

[PROJECT of]* Decree and collective note will be sent over this evening with certain alterations. M. Waddington and Controllers are anxious, if possible, to have answer by telegraph to-morrow.

No. 1301.

The Marquis of Salisbury to Mr. Adams.

(No. 170.)
(Telegraphic.)

Foreign Office, October 15, 1879, 5.15 P.M.

I AGREE to the draft of Decree and note, but wish to call M. Waddington's attention to two omissions that have been inadvertently made.

First, the Rothschild Loan has not been excepted, as was agreed, from the jurisdiction of the Commission.

Second, no Egyptian member has been placed on the Commission. Is not this a serious slight on the native Government? I should be very glad if these two omissions could be corrected.

* Group wrong.

No. 1302.

The Marquis of Salisbury to Mr. Adams

(No. 1241.)

Sir,

Foreign Office, October 15, 1879.

I HAVE to authorize you to inform M. Waddington that Her Majesty's Government agree to the Projet de Décret in its altered form, and to the collective note which were inclosed in your despatch No. 1041 of the 14th instant, respecting the proposed Commission of Liquidation in Egypt.

Her Majesty's Government, however, are desirous of calling M. Waddington's attention to two omissions in the Decree which appear to have inadvertently occurred:—

1. The securities pledged to Rothschild Loan have not been excepted, as was agreed upon, from the jurisdiction of the Commission.

2. No Egyptian member has been appointed on the Commission. It appears to Her Majesty's Government that this may be viewed as a serious slight by the native Government.

You will be good enough, in communicating with M. Waddington on these two points, to say that Her Majesty's Government would be very glad if the omissions to which I have referred could be corrected.

I am, &c.
(Signed) SALISBURY.

No. 1303.

Major Baring to Lord Tenterden.—(Received October 16.)

(Private.)

Dear Lord Tenterden,

Paris, October 16, 1879.

I AM obliged to trouble you with another long story on that troublesome subject, the "inscriptions hypothécaires." Will you please talk the matter over with Sir Julian Pauncefote, and then show Lord Salisbury what I have written. I need hardly say that I shall be very glad if my view can be shown to be wrong, but I very much fear that it is right.

If so, it seems to me quite essential to reopen the question at Vienna, and I am writing to Lord Salisbury earnestly begging for his support about it in the negotiations there. I do not know if Lascelles has yet acted on the instructions contained in the letter of which you sent me a copy (No. 262 of 2nd October). As to those instructions, I remain of the same opinion as I expressed to Sir Julian Pauncefote before they were sent, and, this being so, I should of course be very glad if, in the event of Lascelles not having pledged the Government, he was instructed to do nothing for the present.

Believe me, &c.
(Signed) EVELYN BARING.

Inclosure in No. 1303.

Note on the Inscriptions Hypothécaires.

UP to the present time I had understood that, supposing the views of the Austrian Government on the subject of the hypothecary inscriptions to be maintained, the adoption of such a course, though very regrettable, would not involve practical difficulties of an insurmountable nature. This opinion, which I understand was also entertained at the Foreign Office, was based upon the assumptions—(1.) That the Egyptian law did not recognize the validity of the inscriptions unless the creditors had accurately described in detail the nature of the properties upon which they had wished to establish a claim; and, (2.) That these necessary formalities had only been complied with in the case of the house property at Cairo and Alexandria. Hence it was supposed that the full extent of the evil that could arise would be that the house property might be sold for a sum considerably below its value, that a few only of the holders of the "inscriptions hypothécaires" would be paid in full, and that MM. Rothschild would deduct from the amount which would finally be placed at the disposal of the Egyptian Government a sum equivalent to what they considered the real value of the property sold. The Foreign Office is already in

possession of notes showing the estimated value of the house property at Cairo and Alexandria. It represents a considerable sum, but still only a relatively small portion of the total amount of the Rothschild Loan.

Since my arrival in Paris I have gone more fully into the matter than I had heretofore done, and the conclusion at which I have arrived is, that there is much reason to fear that the assumptions on which we have up to the present time been proceeding are erroneous, and that the practical result of adopting the Austrian view will be far more disastrous than has as yet been supposed. I have arrived at this opinion—(1.) From a more thorough examination of the law which I have made in common with M. de Blignières, M. Tamboux (a French lawyer), and M. Coulon (a lawyer conversant with both the French and Egyptian Codes); and, (2.) From an examination of the precise nature of the inscriptions, a detailed list of which has now been received by MM. Rothschild.

The French "Code Civil," from which the Egyptian Code is mainly copied, recognizes two sorts of hypothecations, viz.—(1.) The "hypothèque conventionnelle," analogous to an ordinary English mortgage; and, (2.) The "hypothèque judiciaire," or mortgage resulting from the judgment of a Law Court.

In respect to the former, Article 2129 of the "Code Civil Français" is as follows:—

"Il n'y a d'hypothèque conventionnelle valable que celle qui . . . déclare spécialement la nature et la situation de chacun des immeubles actuellement appartenant au débiteur."

In respect to the latter, Article 2148 of the Code is as follows:—

"L'indication de l'espèce et de la situation des biens sur lesquels le créancier entend conserver son hypothèque n'est pas nécessaire dans le cas des 'hypothèques judiciaires' . . . Une seule inscription pour ces hypothèques frappe tous les immeubles compris dans l'arrondissement du bureau."

The distinction, therefore, between the formalities necessary to render the two sorts of hypothecations valid is very great. It is based on rational grounds, which are sufficiently obvious. I am informed by Mr. Benjamin that a similar distinction exists in English law.

The Egyptian law on the subject of "créanciers hypothécaires" is set forth in Articles 678 *et seq.* of the Egyptian "Code Civil." The distinction existing in French law between the "hypothèque conventionnelle" and the "hypothèque judiciaire" does not appear to be recognized. The opinion hitherto entertained by Mr. Rivers Wilson and others as to the invalidity of many of the inscriptions taken out on the ceded domains is, I conceive, based on Article 681 of the Code, which is as follows:—

"Les immeubles hypothéqués doivent, à peine de nullité de la constitution d'hypothèque, être désignés d'une manière précise par leur nature et leur situation, &c."

The practical question on which it is now necessary to form an opinion is this: Admitting the validity of the inscriptions on the town property of Cairo and Alexandria, to what extent do the provisions of Article 681 invalidate the inscriptions on the rural property ceded by the late Khedive and his family?

It is first necessary to explain the precise nature of these inscriptions. Some are general—that is to say that, without specifying any details, they are intended by the creditor to apply to the whole of the properties ceded. Others are somewhat more detailed; for example, one property on which several creditors have taken out mortgages is described as "46,131 feddans dans le Province de Fayoum."

If it be held that the question is to be decided wholly by reference to Article 681 quoted above, it is probable that many of the inscriptions would fall to the ground as being invalid. But it is to be borne in mind that the Tribunals themselves would have to decide the sufficiency or otherwise of the specification, and even should they not consider the principles of French law in respect to the "hypothèques judiciaires" as applicable, it will be quite within their competence to decide that a large number of the inscriptions have been, in the terms of Article 681, "désignés d'une manière précise par leur nature et leur situation."

I fear, however, that it is almost certain that the Tribunals will consider the inscriptions as "hypothèques judiciaires," and, applying the principles of French law (see Article 2148 of the Code Civil Français quoted above), that they will rule that no detailed description of the property is necessary. My reasons for entertaining this opinion are as follows:—

1. The first Article (678) of the section "créanciers hypothécaires" in the Egyptian Code manifestly alludes to the "hypothèque conventionnelle" of French law, and it is reasonable to suppose that the Articles immediately following it allude to the same form of hypothecation.

2. In the absence of any express provision in the Egyptian Code, it is the custom of the Tribunals to follow the principles and practice of French law.

3. In the judgment delivered by M. Lapenna, he alludes to the inscriptions taken out by M. Menager as "hypothèques judiciaires."

4. Between the 16th November, 1878, and the 3rd February, 1879, the registration office attached to the Tribunals refused to inscribe the Rothschild mortgage, on the ground of the insufficiency of the specification, whilst no objections were raised to inscribing the mortgages of M. Menager and others, although their specifications were in many cases of a precisely similar nature to those offered by Messrs. Rothschild, both being taken from the Report of the Commission of Inquiry. Thus the difference between the "hypothèque conventionnelle" and the "hypothèque judiciaire" was recognized in practice.

To these reasons I may add that M. de Blignières has seen M. Manoury, the principal author of the Egyptian Code, and that, according to the latter, the version of that Code, published in 1874, from which I have been quoting, was revised in 1875, when the "hypothèques judiciaires" were specifically recognized. I have not been able to obtain a copy of the revised Code.

It remains to be considered what will be the practical result if the views propounded above are correct, as I much fear they are.

We have not as yet been able to go thoroughly into the long lists furnished by Messrs. Rothschild, but M. de Blignières estimates that about 1,200,000*l.* will be required to pay off the creditors who have taken out "inscriptions hypothécaires." Property, therefore, to this amount would have to be sold. It is questionable whether purchasers could be found for so large an amount. It is certain that were they found the properties would have to be sold at very much under their value. Say that Messrs. Rothschild considered their real value to be 2,000,000*l.*, and deducted that amount from the sum ultimately to be placed at the disposal of the Egyptian Government, the effective capital of the loan would then be reduced to about 3,750,000*l.* This would barely suffice to pay (1) the employés, who are privileged creditors, and who in strict law, as well as in equity, should be paid before the "créanciers hypothécaires;" and (2) the Imperial Ottoman Bank, the Anglo-Egyptian Bank, and Messrs. Rothschild themselves, who have in the aggregate advanced about 2,250,000*l.* on the security of the Loan Funds. Nothing would be left for the remaining creditors of the non-consolidated debt. Indeed, it is more than probable that the whole of the Rothschild Loan operation will fall to the ground, and the objects for which it was contracted will in any case certainly not be attained.

On these grounds I consider it of the utmost importance to endeavour to obtain the assent of the Austrian, German, and Italian Governments to the proposal that full powers should be given to the Commission of Liquidation. If they maintain their position as regards the "inscriptions hypothécaires," I see little hope of being able to arrive at a satisfactory solution of the pending financial difficulties.

(Signed) EVELYN BARING.

Paris, October 16, 1879.

No. 1304.

The Marquis of Salisbury to Mr. Malet.

(No. 275. Secret.)

Sir,

Foreign Office, October 16, 1879.

AS you will shortly proceed to Egypt to take up the appointment of Her Majesty's Agent and Consul-General in that country, I think it right to address to you some observations as to the principles by which your conduct should be guided.

The leading aim of our policy in Egypt is the maintenance of the neutrality of that country, that is to say, the maintenance of such a state of things that no great Power shall be more powerful there than England.

This purpose might, of course, be secured by the predominance of England itself, or even by the establishment of the Queen's authority in the country. Circumstances may be conceived in which this would be the only way of attaining the object; but it would not be the best method. It would not in the present state of affairs confer any other advantages than opportunities of employing English people and introducing English capital; and these would be outweighed by the responsibilities, military and financial, it would entail. The only justification of such a policy would consist in its being the only available mode of assuring the neutrality of Egypt towards us.

With this object in view it is obvious that we can have no jealousy of Native rule in itself. On the contrary, its continuance is, for us, the easiest solution of the

problem. But it must not degenerate into anarchy, or perpetuate the oppression of recent years. Egypt is too much in view of the whole world, and there are too many interests attaching to it, to be suffered to relapse into the barbarous administration which in Persia and Burmah has resulted in misery so acute as to produce depopulation. An opinion would grow up in Europe in favour of intervention, which, in this case, would mean occupation; and if England could not satisfy it, she would not be able to prevent some other Power from doing so.

For this reason there is a value in the present relations between Egypt and the Porte, however anomalous they may appear to be. In case of extreme misgovernment, they furnish a machinery for changing the ruler, without any violation of Treaties or breach of diplomatic comity. They enable us to exercise a general control without taking over the government.

We have no present reason, therefore, for wishing any formal change in the position or institutions of Egypt; and the only change in the present, or rather the recent, practice which we desire is, that these institutions shall be worked with tolerable honesty, and with economy and humanity. Thus worked, they furnish what we want—an Egyptian neutrality which has a fair chance of permanence. Our Representatives in Egypt should, therefore, do all in their power to sustain the Native Government in its efforts to govern the country well; and this, for the present, must be an object with which no other should be allowed to interfere. So long as the country is formally independent, the natives only can govern it. If they cannot do it, no one else can do it—without military occupation. It has been sufficiently proved that the Mussulmans will not willingly obey a Government which is nominally European, or of which the prevailing and most conspicuous elements are European. Their reluctance can only be overcome by force; and force the Europeans do not possess without military occupation.

It becomes, therefore, matter of great moment to make the native Government succeed. For this purpose it should, in its own interest, employ Europeans largely, and should be pressed to do so, if insensible to its own interest in that respect; but they must be kept as much in the background as possible. They should not be used in sufficient numbers to destroy the apparent authority of the native Government; and the employments to which they are named should be selected rather with a view to the effective exercise of power, than to the possession of conspicuous official rank. The posts which confer the greatest influence, and excite the least jealousy, are the posts which should be sought for Europeans.

In the performance of their duty as counsellors of the Egyptian Government, the Representatives of Her Majesty will be distinguished by one peculiar mark from those of any other Power. The policy they counsel will not be shaped by the interests of any particular class of creditors. It is their duty to do what they properly can to secure any rights Englishmen may possess in the country; they will not exclude English creditors from the benefit of this rule; and, for the sake of Egypt herself, they will wish that she should pay her debts. If, therefore, it shall appear that any particular claim, or class of claims, in which Englishmen are largely interested, is being unfairly treated by reason of the diplomatic support given to competing creditors of other nationalities, the English Agent cannot refuse to interfere. But the protection of the private interests of creditors or others will be an object of a merely secondary kind, and will not compete with the important political aims which it is their chief duty to secure.

This singularity of their attitude in regard to the Egyptian debts is likely to be brought speedily into view. One of the questions which will be the most hotly debated in the ensuing winter at Cairo will be the proportion in which the various classes of creditors are to be paid. Almost all must forego some portion of their claim, and the sacrifices demanded may be larger than any of them expect. It will of course be the duty of the English Agent to interpose if any English claimant should be subjected to manifest injustice. But, save in such a contingency, which is improbable, the controversy will not affect English interests; and the English Agent will do wisely to be sparing of his advice in respect to it so long as it concerns the interests of the creditors alone.

It cannot, however, be long restricted within these limits. It must either at first, or in the end, take the form of an issue between the interests of the creditors and the interests of the Egyptian Administration. The amount of the assets which will remain for the creditors to divide will depend on the amount which is first taken out of the revenue to pay the costs of Government. It will be for the interest of the creditors to put this sum at as low a figure as they can, and their zeal to do so may possibly

lead them to proposals incompatible with the efficiency of the Administration. The present attitude of the Governments of Austria, France, Germany, and Italy, favour the conjecture that in this dispute they will lean rather to the side of the creditors than to that of the Government.

In such a policy, if they pursue it, Her Majesty's Government cannot follow them. To England the efficiency of the Administration is of paramount importance; in comparison with it the interests of the creditors must take an inferior place. On this point Her Majesty's Representative will be forced to separate himself very decidedly from his colleagues, if they take the course I have anticipated. Without favouring extravagance, he must urge on the Khedive the reservation of a sufficient sum to ensure the preservation of order, the due administration of justice, and the efficient maintenance of the public works on which the prosperity of the country depends.

What I have said refers to the present order of things; it serves the interest of England better than any that apparently could be substituted for it, and the efforts of Her Majesty's Agent must be chiefly directed to insure that it shall work efficiently, and thus continue to exist.

But the contingency of a failure in these efforts must be contemplated. The character of the present Khedive gives ground for hope; on the other hand, the character and capacity of the men by whom he is surrounded, and from whom his Ministers must be chosen, justify apprehension as to the future. It may be that the causes of decay which at present threaten all the Mahomedan countries of the world will prove incurable in Egypt also. Such an issue is, however, in any case, probably distant, and the conditions under which it may take place cannot be foreseen now. But the possibility of it must be borne in mind. When it comes, if it is to come, it must find England as strong as any other country in substantial influence.

If any tendency betrays itself so to arrange the European appointments that a preponderance either in importance or number is assigned to other European nations, a state of things is being created which in the case of a collapse of Egypt would be dangerous to English interests. Her Majesty's Agent should, therefore, watch these appointments with vigilance, and interpose on any symptom of a hostile inclination on the part of the Government in this respect. I should be disposed to attach less importance to the distribution of native appointments. In all Oriental countries where Embassies are powerful, the native competitors for place are very ready to enrol themselves as clients of one Power or the other. But their friendship is not trustworthy, and their success of little real value to the Power of whom they are nominally partisans. Foreign Representatives in supporting them are apt to allow their exertions to degenerate into a race for small diplomatic victories, and in the struggle the object of appointing the best man is entirely forgotten. To us, whose chief interest in Egypt is that the Government should last and work well, it is much more important that the best men should be employed than that the partisans of England should be promoted. This principle, however, must not be stretched so far as to sanction the abandonment of native statesmen or officials who, by listening to the advice of England, had exposed themselves to the resentment either of some other Agency, or of the native authorities.

It should further be borne in mind that if the Ottoman Empire were to fall to pieces, and Egypt become independent, the part of Egypt which interests England is the sea-coast, including the railway and other communications across the Isthmus. If it should happen that Egypt were divided, and the sea-coast and communications remained under the dominant influence of England, while the interior were to be otherwise disposed of—supposing the stability of such an arrangement could be guaranteed—England would have no reason to be dissatisfied with it.

In the disposal, therefore, of European appointments, it is of primary importance to keep in English hands, as far as may be possible, the harbours, customs, light-houses, and the communications by land and water from sea to sea. It is only of course to a limited extent that this can be done; and the necessity is not sufficiently urgent at present to justify steps which would awaken the jealousy of other Powers. But the extension and consolidation of English influence upon these points is the object which, as regards the future, must be kept in view. Whether it shall be pursued slowly or energetically must depend upon the circumstances of the moment.

I am, &c.

(Signed) SALISBURY.

Baron N. de Rothschild to Lord Tenterden.—(Received October 17.)

Dear Lord Tenterden,

New Court, October 17, 1879.

IN accordance with your suggestion I have written to Paris, and have asked Messrs. de Rothschild Brothers to telegraph to Mr. Lorent the following:—

"Messrs. Rothschild do not answer these questions, because they relate solely to the mode of executing the Decree which has been agreed to by all the Powers, and that the Decree would be executed, not by the Egyptian Government and Messrs. Rothschild, but by the latter and the Liquidation Commissioners; that any attempt at present to agree upon the form or mode of executing the Decree would only lead to fresh discussion, involving further delays, which are all the more dangerous because the Egyptian Courts are on the eve of resuming their sessions, when other creditors may, perhaps (and very probably would), commence other proceedings, still further complicating the business; but that the Egyptian Government might rest assured that Messrs. Rothschild would cordially co-operate with the Liquidation Commission in all measures necessary for the 'radiation' of the mortgage, not inconsistent with their duty to the bondholders under the Loan Contract."

Which he will convey to the Egyptian Government.

I hope you will not mind confirming this in your letter to-night to Mr. Lascelles, and, on Lord Salisbury's return from Manchester, his Lordship will allow you to confirm this answer, and to urge upon the Khedive the necessity of promulgating the Decree at once.

I am sorry to give you so much trouble, and am, &c.

(Signed) N. M. DE ROTHSCHILD.

No. 1306.

Mr. Adams to the Marquis of Salisbury.—(Received October 17, 3 P.M.)

(No. 152.)

(Telegraphic.)

Paris, October 17, 1879, 12.45 P.M.

WITH reference to your telegram No. 170, M. Waddington suggests that the omissions should be supplied as follows:—

In Article No. 1, after French words for "Supreme Commission of Inquiry," insert the following: "Et sans modifier les conditions de l'Emprunt Domaniat."

At the end of Article No. 4 to add following: "Le Gouvernement Egyptien se fera représenter par un Délégué auprès de cette Commission." The result of this is that, whilst the Egyptian Government will be represented in the Commission, their Delegate will have no vote, and thus the majority assured to the English and French Commissioners will not be imperilled, to which latter point M. Waddington attaches much importance.

Please telegraph answer.

No. 1307.

Mr. Adams to the Marquis of Salisbury.—(Received October 17, 6.30 P.M.)

(No. 153.)

(Telegraphic.)

Paris, October 17, 1879, 5 P.M.

M. WADDINGTON does not think it expedient to appoint Deputy Controllers for so short a time.

He thinks, too, that the functions of the Commissioners of Caisse would probably clash with their functions as Deputy Controllers.

He considers that, as the Controllers will now be permanently together, it is much better that they should continue to give advice by telegraph to Egyptian Government, as they have just done.

*The Marquis of Salisbury to Mr. Lascelles.**

(No. 276.)

Sir,

Foreign Office, October 17, 1879.

WITH reference to your telegram No. 144 of the 8th instant, I transmit to you herewith, for your information, a copy of a letter from Messrs. Rothschild, stating the reply they have returned to the inquiries of the Egyptian Government respecting the Rothschild Loan.†

I am, &c.

(Signed) SALISBURY.

No. 1309.

Lord Tenterden to Messrs. Hardy Bros.

Gentlemen,

Foreign Office, October 17, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 13th instant, inclosing a copy of a protest which you have addressed to the Ottoman Ambassador in London on the subject of the non-payment by the Khedive of Egypt of the dividends due on the 10th October, under the arrangement entered into by His Illighness with His Imperial Majesty the Sultan of Turkey on the 17th September, 1877.

I am, &c.

(Signed) TENTERDEN.

No. 1310.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 538. Political.)

My Lord,

Cairo, October 4, 1879.

I HAVE the honour to inclose a copy of the monthly statement of the Commissioners of the Public Debt, as published in the "Moniteur Egyptien" of the 2nd instant.

The amount received on account of the Unified Debt up to the 30th ultimo was 707,280l., out of which a sum of 200,000l. will have to be devoted to the payment of the coupon of 442,872l. on the Privileged Debt due on the 15th instant, the receipts from the railways having only reached 231,000l.

Supposing the interest on the Unified Debt to be reduced from 7 to 5 per cent., the amount necessary to meet the coupon due on the 1st proximo would be 1,420,700l., of which the Commissioners, after the payment of the Privileged Debt, will only have 507,280l. in hand, a further amount of upwards of 900,000l. would have to be collected during the present month.

The coupons on the short loans due on the 22nd November and the 8th January next amount to 181,462l., of which the Commissioners have as yet received only 9,854l.

I have, &c.

(Signed) FRANK C. LASCELLES.

Inclosure in No. 1310.

Extract from the "Moniteur Egyptien" of October 2, 1879.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE D'EGYPTE.

Etats Mensuels au 30 Septembre, 1879, des Sommes versées à la Caisse de la Dette Publique.

État No. 1.—DETTE Unifiée. Echéance du 1^{er} Novembre, 1879 (Intérêts et l'Amortissement) montant à 1,988,982*l.* sterling.

Désignation des Provinces et Administrations dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes versées du 1 ^{er} au 30 Sept., 1879.	Sommes versées du 1 ^{er} Mai au 31 Août, 1879.	Totaux au 30 Sept., 1879.
	Prs. p.	Prs. p.	Prs. p.
Province de Garbieh	5,848,823 08	7,636,766 14	13,485,589 22
Province de Menoufieh	3,746,748 12	4,813,135 17	8,559,883 29
Province de Béhéra	398,904 26	3,052,690 29	3,451,595 15
Province de Siout	15,236 20	18,464 13	33,700 33
Octrois du Caire	1,074,776 04	5,494,894 16	6,569,670 20
Octrois d'Alexandrie	870,000 00	1,597,199 09	2,467,199 09
Douanes	3,190,269 01	13,175,638 17	16,365,907 18
Droits sur les tabacs	295,866 00	2,082,941 15	2,378,807 15
Revenus du sel	825,029 31	357,818 29	1,182,848 20
Fermage de Matarieh	201,154 15	1,042,576 09	1,243,730 24
Ecluses et droits de navigation sur le Nil	569,647 33	1,157,482 32	1,727,130 25
Pont de Kasr-el-Nil	262,757 31	858,905 04	1,121,662 35
	17,299,213 21	41,288,513 04	58,587,726 25
Disponible au 30 Avril	..	..	10,371,949 21
			68,959,676 06
Soit	..	..	£707,280

État No. 2.—Emprunts : 1864, 1865, 1867.

Semestrialité déjà payée. (Intérêts et Amortissement.)	Semestrialités restant à payer. (Intérêts et Amortissement.)
8 Janvier, 1879	22 Novembre, 1879
1 ^{er} Avril	8 Janvier, 1880
22 Mai	
7 Juillet	
1 ^{er} Octobre	
£ s.	£ s.
39,689 10	29,389 10
254,255 0	152,073 0
183,855 10	
153,165 0	
252,222 0	
883,187 0	181,462 10

Désignation des Provinces.	Sommes versées du 1 ^{er} au 30 Sept., 1879.	Sommes versées du 1 ^{er} Janvier au 31 Août, 1879.	Totaux au 30 Sept., 1879.
	Prs. p.	Prs. p.	Prs. p.
Produit de la Moukabalah—			
Kineh.. .. .	108,965 38	4,805,597 22	4,914,563 20
Isneh	7,138 34	958,500 14	965,639 08
Ghirgeh	229,347 00	7,266,687 20	7,496,034 20
Minieh	400,028 20	2,288,187 36	2,688,216 16
Fayoum	500,000 00	1,136,737 09	1,636,737 09
Benisouef	300,476 13	2,697,400 28	2,997,877 01
Ghizeh	616,110 00	2,910,725 06	3,526,835 06
Siout	200,000 00	11,099,700 35	11,299,700 35
Garbieh	6,149,290 01	8,451,910 30	14,601,200 31
Menoufieh	4,146,990 37	6,256,992 39	10,403,983 36
Béhéra	2,482,587 20	1,579,046 28	4,061,634 08
Charkieh	2,153,272 08	6,447,031 31	8,600,303 39
Dakahlieh	1,271,645 15	7,269,327 10	8,540,972 25
Gallioubieh	1,137,307 08	4,199,400 23	5,336,707 31
Gouvernorat de Rosette	..	1,070 11	1,070 11
	19,703,159 34	67,368,317 22	87,071,477 16
Soit	..	..	£ 893,041
Sommes employées pour les semestrialités des 8 Janvier, 1 ^{er} Avril, 22 Mai, 7 Juillet, et 1 ^{er} Octobre, 1879	..	..	883,187
Reste disponible	..	..	9,854

État No. 3.—DETTE Privilégiée. Echéance du 15 Octobre, 1879 (Intérêts et Amortissement) montant à 442,872*l.* sterling.

Désignation des Administrations dont les Revenus sont affectés à la Dette Privilégiée.	Sommes versées du 1 ^{er} au 30 Sept., 1879.	Sommes versées du 15 Avril au 31 Août, 1879.	Totaux au 30 Sept., 1879.
	Prs.	Prs.	Prs.
Chemins de Fer	1,755,000	20,767,500	22,522,500
Port d'Alexandrie	..	..	..
	1,755,000	20,767,500	22,522,500
			Soit £231,000

Le Caire, le 1^{er} Octobre, 1879.

Les Commissaires-Directeurs de la Caisse de la Dette Publique,
 (Signé) A. DE KREMER.
 P. BARAVELLI.
 A. COLVIN.

Pour copie conforme :
 Le Contrôleur,
 (Signé) W. Mog.

No. 1311.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 543. Political.)

My Lord,

Cairo, October 7, 1879.

I HAVE the honour to report that, in consequence of the report of the Commission appointed to inquire into the Custom-house administration, the Council of Ministers has decided to suspend Mr. Scrivenor and Mr. Archer Shee from their respective functions of Director-General and Inspector-General of Customs.

[1260]

9 M

Ali Pasha Sadyk, Governor of Alexandria, has been ordered to take (provisionally) charge of the Customs Administration.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1312.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 546. Political.)

My Lord,

Cairo, October 8, 1879.

MOUSTAPHA PASHA FEHMY has informed me that he is willing to make the following statement in his Circular submitting the Rothschild Decree:—

"Je dois ajouter pour mettre fin aux difficultés qu'a pu faire naître le mot 'radiation' contenu dans l'Article 2 du Décret, qu'il est bien entendu que tous les droits dérivant de la loi en matière hypothécaire acquis par les créanciers dont les inscriptions sont antérieures aux 2 et 3 Février, 1879, sont et demeurent intacts et qu'il n'y est porté aucune atteinte."

The Law Advisers of the Egyptian Government have further suggested that it would be desirable, before taking any engagement for the future, to clear up the following points:—

1. Whether Messrs. Rothschild will insist that the "radiation" should be effected *ex officio*, in virtue of the Decree.

2. What attitude Messrs. Rothschild will take in consequence of the diminution of their guarantee which will result from the previous mortgages being respected and the delay which will be entailed by the formal judicial proceedings necessary for their "radiation."

3. Whether Messrs. Rothschild will consent to pay the money upon the promulgation of the Decree, retaining in their hands an amount equal to the estimated value of the mortgaged property.

I have the honour to inclose a copy of an extract of the note of the "Contentieux" containing the above points, which was given to me by the Egyptian Minister for Foreign Affairs.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1312.

Extract from Memorandum.

LES Soussignés estiment en conséquence que le Gouvernement Egyptien ne doit prendre aucune détermination pouvant engager l'avenir soit par Circulaire soit de toute autre manière avant de connaître d'une façon précise et formelle:—

1. Si MM. de Rothschild persistent à vouloir que la "radiation" soit opérée d'office, en vertu même du Décret.

2. Quelle attitude prendront MM. de Rothschild si les hypothèques antérieures au 2 Février sont respectées, alors que ce respect entraînera nécessairement une diminution du gage et un retard résultant des formalités judiciaires qui doivent conduire à la "radiation?"

3. Si MM. de Rothschild consentiront à verser dès la promulgation du Décret les sommes déposées chez eux, sous déduction d'une valeur estimative représentant la valeur des immeubles hypothéqués.

No. 1313.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 547. Political.)

My Lord,

Cairo, October 9, 1879.

ON the 3rd instant Riaz Pasha informed me that he was afraid that the Egyptian Government would not be in a position to pay the amount due on account of the tribute

on the 7th instant. The amount required was about 300,000*l.* This time last year an advance for that amount had been obtained from the Ottoman Bank for the purpose of paying the tribute, and his Excellency was in negotiation with that Bank for a further advance, but he was doubtful whether the Bank would consent, as 140,000*l.* of the money advanced last year had not yet been repaid.

Considering that the Ottoman Loan of 1855, which is guaranteed by the English and French Governments, is secured upon the tribute, I thought it my duty to warn your Lordship by my telegram No. 140 that it was not unlikely that the Egyptian Government would be unable to meet their engagements in this respect.

On the following day Riaz Pasha sent to inform me that his negotiations with the Ottoman Bank having failed, he had thought it right to ask the Controllers-General for their advice, and that, believing those gentlemen to be in Paris, he had requested M. Monge to communicate with them through the French Minister for Foreign Affairs. I had consequently the honour to send to your Lordship my telegram No. 141, and I have subsequently learnt that, in addition to asking the advice of the Controllers-General, Riaz Pasha authorized them to raise a loan if they should think it advisable to do so.

This morning M. Monge read me a telegram which he had received from M. Waddington, forwarding a telegram from M. de Blignières to Riaz Pasha, stating that the Controllers-General were of opinion that it was not advisable that the Egyptian Government should attempt to raise a loan at present even for the purpose of paying the tribute.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1314.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 548. Political.)

My Lord,

Cairo, October 9, 1879.

WITH reference to Mr. Vivian's despatch No. 331 of the 6th June last, I have the honour to inclose a copy of a correspondence which has passed between the Commissioners of the Public Debt and Riaz Pasha, and which has been published in the "Moniteur Egyptien."

The Commissioners remind his Excellency that the action which it was their duty to bring against the Government with regard to the Decree of the 22nd April has, in consequence of the vacations, not yet been heard; and that as the Tribunals are about to meet, and no official communication has been made to them with regard to the revocation of the Decree in question, they request his Excellency to inform them of the decision of the Government on the subject; and they express the hope that they will be spared the disagreeable necessity of proceeding with an action the result of which cannot, in their opinion, be doubtful.

In his reply Riaz Pasha transmits to the Commissioners a copy of the Circular addressed by Chérif Pasha, on the 14th June, to the Corps Diplomatique stating that, in consequence of the protests that had been made, the execution of the Decree would be suspended until it should have received the approval of the Powers. No such approval having been signified, the Decree of the 22nd April remains without effect.

Riaz Pasha adds that the Government of the Khedive recognize the absolute necessity for a settlement of the financial situation which may entail sacrifices on the part of all the parties interested, although the Government are disposed to do their utmost to attenuate these sacrifices as much as possible, and to hasten the solution which is demanded in the interests of all.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1314.

Extract from the "Moniteur Egyptien" of October 8, 1879.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE.

A son Excellence Riaz Pacha, Ministre des Finances, Caire.

M. le Ministre, Caire, le 8 Septembre, 1879.

AUSSITOT que le Décret du 22 Avril avait été communiqué officiellement à la Commission de la Dette Publique, nous avons protesté contre toutes les dispositions de ce Décret qui portaient atteinte aux droits acquis en vertu des Décrets des 2 et 7 Mai et 18 Novembre, 1876, dont l'ensemble constitue un contrat entre le Gouvernement Egyptien d'une part, et les créanciers de l'Etat d'autre part.

En notre qualité de représentants légaux des créanciers, nous avons déféré en même temps le cas à la décision de la justice, et le Tribunal Mixte de Première Instance du Caire a été saisi du procès que nous avons intenté à ce sujet à l'Administration Financière du pays, représentée par le Ministre des Finances.

L'urgence que nous avions demandée au Tribunal n'ayant pas été admise par suite de l'opposition faite par l'Avocat du Gouvernement, et les vacances de justice étant survenues, la cause est restée en suspens jusqu'à ce jour.

Or, le moment approche où les Tribunaux vont reprendre le cours régulier de leurs travaux.

D'autre part, la proximité de l'échéance du coupon du 1^{er} Novembre nous impose le devoir de poursuivre notre action devant les Tribunaux, si le Gouvernement ne préfère pas rapporter le Décret en question qui, en dehors de nos démarches, a déjà été l'objet des protestations les plus sérieuses de la part des Puissances.

Nous nous adressons donc à votre Excellence avec la prière de provoquer une décision du Gouvernement au sujet de ce Décret, dont jusqu'à présent la révocation officielle n'a jamais été notifiée à la Caisse de la Dette Publique.

Nous aimons à croire que votre Excellence, dont nous connaissons les sentiments de haute justice, voudra bien agir dans ce sens, et nous épargner ainsi le regret de devoir poursuivre une action dont l'issue, au moins à nos yeux, ne saurait guère être douteuse.

Veuillez, &c.

Pour la Caisse,
Le Commissaire de Service,
(Signé) BARAVELLI.

MINISTÈRE DES FINANCES.

A MM. les Commissaires-Directeurs de la Caisse de la Dette Publique, Caire.

Messieurs, Le Caire, le 7 Octobre, 1879.

J'ai soumis à l'appréciation du Conseil des Ministres la question signalée par votre lettre en date du 28 Septembre dernier, au sujet du Décret Khédivial du 22 Avril, 1879.

Une Circulaire adressée en date du 14 Juin, 1879, par le Ministre des Affaires Etrangères au Corps Diplomatique, et dont j'ai l'honneur de vous remettre ci-joint une copie, établit que le Gouvernement Egyptien, s'inclinant devant les protestations des Puissances, a soumis à leur approbation le dit Décret dont l'exécution a été suspendue en fait, en attendant cette approbation qui n'a pas été donnée jusqu'ici.

Le Conseil m'a, en conséquence, autorisé à vous déclarer que cet état de choses laisse le Décret du 22 Avril, 1879, sans effet.

J'ai à peine besoin d'ajouter, Messieurs, que le Gouvernement du Khédive reconnaît toutefois la nécessité impérieuse d'un règlement général de la situation financière du pays.

Ce règlement pourra imposer des sacrifices à tous les intéressés, quoique le Gouvernement de Son Altesse soit disposé à faire tout ce qui dépendra de lui pour atténuer autant que possible ces sacrifices et pour accélérer une solution réclamée par tous les intérêts en jeu, y compris celui d'une marche régulière de l'Administration.

Veuillez, &c.

Le Ministre des Finances par intérim,
(Signé) RIAZ.

No. 1315.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 549. Political.)

My Lord,

Cairo, October 9, 1879.

M. ANTONIADES, a wealthy Greek gentleman of Alexandria, and one of the holders of the Rothchild Loan, has recently brought an action "en revendication" against M. Ménager with the object of preventing the sale of the houses which formed part of the property ceded by the late Khedive and his family, and against which M. Ménager had taken out an "inscription hypothécaire" before the Rothchild mortgage was completed.

Mr. Vivian, in his despatch No. 264, Political, of the 6th May last, transmitted to your Lordship a copy of the judgment of the Court of Appeal, declaring the validity of the "inscription hypothécaire" taken out by M. Ménager, and I have now the honour to inclose a copy of the judgment of the Court of First Instance at Cairo, declaring that M. Antoniadès was not qualified to bring his action, and condemning him to 500*l.* damages and costs.

I understand that M. Antoniadès, who is supposed to be acting in accordance with the wishes of the Government, intends to appeal against this judgment.

I have, &c.

(Signed) FRANK C. LASCELLES.

Inclosure in No. 1315.

Jugement du 6 Octobre, 1879.

Jean Antoniadès et Ménager.

PAR ces motifs, déclare le Signor Antoniadès sans qualité pour intenter l'action par lui portée devant le Tribunal.

Dit qu'il n'y a pas lieu par suite d'examiner les questions au fond.

Condamne le dit Antoniadès en 500*l.* sterling de dommages-intérêts envers le Signor Ménager et en outre, tant envers ce dernier qu'envers la Caisse Générale Judiciaire, à tous les frais occasionnés par son action.

No. 1316.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 550. Political.)

My Lord,

Cairo, October 10, 1879.

WITH reference to my telegram No. 142 of the 7th instant, I have the honour to inclose an extract from the "Moniteur Egyptien" containing a notification that, by a decision of the Council of Ministers sanctioned by the Khedive, Mr. Scrivenor and Mr. Archer Shee had been suspended from their functions of Director-General and Inspector-General of Customs, that this measure had been adopted in consequence of the report drawn up by the Custom-house Commission of Inquiry, and that the Direction-General of Customs had been confided *ad interim* to Ali Pasha Sadyk, who had been replaced by Zoulfikar Pasha as Governor of Alexandria.

Mr. Archer Shee informs me that on the receipt of the letter from Riaz Pasha notifying his suspension he at once addressed a letter to the President of the Commission, pointing out that if Mr. Scrivenor and he had been suspended at the beginning of the inquiry he would have had no objection to raise against a course which might have been considered necessary in the interests of the service. As, however, it was stated that the suspension was the result of the Report of the Commission, he felt that a grave imputation had been cast upon him, and that, therefore, he had no other course left open to him than to place his resignation in the hands of the Commission.

I have, &c.

(Signed) FRANK C. LASCELLES.

Inclosure in No 1316.

Extract from the "Moniteur Egyptien" of October 9, 1879.

Présidence du Conseil des Ministres.

PAR décision du Conseil des Ministres, approuvée par Son Altesse le Khédive, MM. Scrivenor et Archer Shee ont été suspendus de leurs fonctions de Directeur-Général et d'Inspecteur-Général des Douanes.

Cette mesure a été prise à la suite du Rapport présenté par la Commission d'Enquête de la Douane.

La Direction Générale des Douanes a été confiée, par intérim, à son Excellence Aly Sadik Pacha, qui a été remplacé dans ses fonctions de Gouverneur d'Alexandrie par son Excellence Zoulfikar Pacha.

No. 1317.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 551. Political.)

My Lord,

Cairo, October 10, 1879.

I HAVE the honour to inclose an extract from the "Moniteur Egyptien," containing a translation of a Circular addressed to the heads of the Administration by Riaz Pasha to announce his appointment as President of the Council and Minister of the Interior.

In this Circular, Riaz Pasha counts upon the patriotism of all the public functionaries to work together towards the realization of the programme put forth by the Khedive for the development of the country, the organization of finances, the increase of national wealth, and the general welfare and happiness.

His Excellency calls upon the principal functionaries for redoubled zeal and activity in the work they have to perform, assures them that, in thus acting, their services will be appreciated by the Khedive, and that they themselves will deserve well of their country which has everything to expect from its true and worthy sons.

In conclusion, his Excellency expresses the hope that a spirit of concord and solidarity among the functionaries will result in their efforts being crowned with success and in the general welfare of their beloved country.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No 1317.

Extract from the "Moniteur Egyptien" of October 9, 1879.

MINISTÈRE DE L'INTÉRIEUR.

Circulaire de son Excellence Riaz Pacha, Ministre de l'Intérieur et Président du Conseil des Ministres, à tous les Chefs d'Administration du Gouvernement.

(Traduction.)

PERSONNE n'ignore avec quelle haute sollicitude Son Altesse le Khédive s'occupe continuellement de tout ce qui peut intéresser le pays; ainsi, développer progressivement l'Egypte, organiser ses finances, augmenter la richesse nationale, assurer enfin le bien-être et le bonheur général, tel est le large programme de Son Altesse.

Pour mener à bonne fin cette œuvre de régénération, Son Altesse a jugé à propos de former un Conseil de Ministres, à qui elle a bien voulu confier le soin de réaliser ses vœux.

A cet effet, Son Altesse a daigné m'appeler à la Présidence du Conseil, ainsi qu'au Département de l'Intérieur, et m'a, en outre, chargé, par intérim, du Ministère des Finances.

Pour atteindre ce but, et obtenir tous les résultats qu'on est en droit d'attendre des réformes projetées, l'union de tous les fonctionnaires et autres serviteurs de l'Etat est d'une nécessité absolue.

Comptant, en conséquence, sur leur patriotisme, je suis déjà intimement convaincu qu'ils se consacreront avec autant de conscience que de loyauté, à tout ce qui aura pour effet de contribuer à assurer l'exécution du programme, dont le pays attend son salut.

Considérant en vous, Monsieur, un des principaux fonctionnaires de l'Etat, et étant données les qualités personnelles qui vous distinguent et dont vous avez déjà donné des preuves incontestables, j'aime à espérer que vous redoublez de zèle et d'activité dans l'exercice des hautes fonctions qui vous sont confiées. Vous tiendrez, nul doute, à donner de nouvelles preuves de dévouement et de sagacité dans le poste important que vous occupez. En agissant ainsi, vous pouvez être sûr que vos services seront appréciés par Son Altesse le Khédive; et vous aurez alors bien mérité du pays, qui a tout à attendre de ses vrais et dignes enfants.

Je termine cette Circulaire, en exprimant le ferme espoir que, par suite de cet esprit d'entente et de solidarité qui régnera parmi les fonctionnaires, nos efforts seront couronnés de succès et auront pour résultat le bien général de notre chère patrie.

No. 1318.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 18.)

(No. 552. Political. Confidential.)

My Lord,

Cairo, October 11, 1879.

ON several occasions lately Riaz Pasha has expressed to me his earnest hope that no delay would take place in the appointment of a Commission of Liquidation, and in the arrival of the Controllers-General. He quite understood that Messrs. Baring and de Blignières were of great assistance in arranging matters with regard to the composition and attributions of the Commission of Liquidation. In the meantime, however, it was impossible for him to take any step of importance without knowing what the future arrangements were to be, and he therefore confined himself for the present to carrying on the routine work of the Ministries with which he was entrusted. He was unwilling to make any changes at present in the Ministry of Finance, and as it was probable that, on the arrival of the Controllers-General, fresh arrangements would have to be made, he had determined not to make any appointments until he should have had an opportunity of consulting them.

As long as there seemed a probability of the Controllers arriving without delay, and more especially after I had communicated to his Excellency the substance of your Lordship's telegram No. 60 of the 30th ultimo, stating that a plan for a Liquidation Commission would shortly be prepared for submission to the Khedive, Riaz Pasha was content to wait. On the 8th instant, however, in consequence of a report that a further delay was likely to take place, his Excellency requested me to telegraph to your Lordship that it was impossible for the present situation of the country to be prolonged.

I took advantage of this conversation to again press upon his Excellency the advisability of employing the services of Mr. Fitzgerald, who was willing to enter upon his work at once, leaving the question of his permanent appointment to be settled after the arrival of the Controllers-General. I repeated all the arguments I had previously used with regard to Mr. Fitzgerald's services being taken advantage of, but his Excellency said that if he appointed Mr. Fitzgerald applications would be made to him for other appointments, and he preferred to wait for the arrival of the Controllers-General. I have no doubt that the other appointments to which Riaz Pasha referred meant, in fact, the reappointment of Blum Pasha to the post of "Sous Ministre," which he had held under Mr. Wilson.

Blum Pasha has for many years held an appointment in the Ministry of Finance, and resigned his post after the coup d'état of the 7th April. The knowledge he has gained of the finances of the country, and the ability he possesses, seem to indicate him as the proper person to be appointed to his former post, and I have reason to believe that Riaz Pasha would be personally glad to take advantage of his services as well as those of Mr. Fitzgerald. He does not wish, however, to appoint one without the other, and he will not appoint both without consulting the Controllers-General upon the reorganization of the Ministry of Finance, which may be found necessary on their arrival.

I had the honour yesterday morning to receive your Lordship's telegram No. 64 of the 9th instant, and at once communicated the substance of it to Riaz Pasha, who, while concurring with your Lordship as to the necessity of coming to an arrangement with

regard to the Commission of Liquidation, expressed his hope that the difficulties that had arisen might soon be overcome.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1319.

Mr. Adams to the Marquis of Salisbury.—(Received October 18.)

(No. 1046.)

My Lord,

Paris, October 17, 1879.

WITH reference to your Lordship's telegram No. 170 of the 15th instant, I have the honour to report that M. Waddington suggests that the two omissions mentioned by your Lordship as having been inadvertently made in the *Projet de Décret* for the Commission de Liquidation in Egypt should be supplied as follows:—

1. In Article 1, after the words "Commission Supérieure d'Enquête," he would insert the words "et sans modifier les conditions de l'Emprunt Domanial."

2. At the end of Article 4 he would add the following words: "le Gouvernement Egyptien se fera représenter par un Délégué auprès de cette Commission."

The result of this suggestion of M. Waddington is, that whilst the Egyptian Government will be represented in the Commission de Liquidation their Delegate will not possess the right of voting, and thus the majority in the Commission which is assured, according to its proposed constitution, to the Commissioners of Great Britain and France, will not be imperilled. M. Waddington attaches much importance to this point.

I have ventured to request your Lordship to send me your answer by the telegraph.

I have, &c.
(Signed) F. O. ADAMS.

No. 1320.

The Marquis of Salisbury to Mr. Adams.

(No. 172.)

(Telegraphic.)

Foreign Office, October 18, 1879, 3.45 P.M.

I AM content to accept both the French alterations as proposed in your telegram No. 152 of the 17th instant, subject to the result of any discussion at Vienna with respect to the second.

Tell M. Waddington that I think that, to save delay, all further negotiations respecting any of these Decrees or the collective note should now be carried on at Vienna, and that Major Baring and M. de Blignières should proceed thither forthwith. Inform Major Baring that he should go on to Vienna at once.

No. 1321.

The Marquis of Salisbury to Mr. Adams.

(No. 173.)

(Telegraphic.)

Foreign Office, October 18, 1879, 4 P.M.

TELL Major Baring that the legal point which he has raised respecting the hypothecations should be settled at Vienna.

No. 1322.

The Marquis of Salisbury to Mr. Lascelles.

(No. 67.)

(Telegraphic.)

Foreign Office, October 18, 1879, 4 P.M.

MESSRS. ROTHSCHILD have telegraphed direct to Cairo their answer to the inquiries of the Egyptian Government contained in your telegram No. 144 of the 8th instant. I sent you a copy by last night's mail.

Urge the Egyptian Government to issue the Decree without further delay.

No. 1323.

The Marquis of Salisbury to Mr. Adams.

(No. 174.)

(Telegraphic.)

Foreign Office, October 18, 1879, 4.30 P.M.

FOLLOWING sent to Lascelles to-day:—

"Messrs. Rothschild have telegraphed direct to Cairo their answer to the inquiries of the Egyptian Government contained in your telegram No. 144 of the 8th instant. I sent you a copy by last night's mail.

"Urge the Egyptian Government to issue the Decree without further delay."
Suggest similar instructions to French Consul at Cairo.

No. 1324.

*The Marquis of Salisbury to Sir A. Paget.**

(No. 63.)

(Telegraphic.)

Foreign Office, October 18, 1879.

STATE to Government to which you are accredited that Her Majesty's Government consider that all further negotiations respecting the Egyptian Finance Decrees should now be carried on at Vienna, to save delay. Major Baring has been told to proceed to Vienna from Paris forthwith.

No. 1325.

The Marquis of Salisbury to Mr. Adams.

(No. 1252.)

Sir,

Foreign Office, October 18, 1879.

I HAVE to request that you will inform M. Waddington that Her Majesty's Government are content to accept both the alterations suggested in your telegram No. 152 of the 17th instant to meet the omissions in the draft Decree to which I called attention in my telegram No. 170 of the 15th instant, subject, however, to the result of any discussion at Vienna to which the second point may give rise.

I have further to request that you will state to M. Waddington that Her Majesty's Government are of opinion that, with a view to avoid any unnecessary delay, all further negotiations respecting any of these Decrees or the collective note, should now be carried on at Vienna, and that Major Baring and M. de Blignières should forthwith proceed thither.

I request that you will be good enough to inform Major Baring of the opinion of Her Majesty's Government upon this point.

I am, &c.
(Signed) SALISBURY.

No. 1326.

The Marquis of Salisbury to Mr. Adams.

(No. 1254.)

Sir,

Foreign Office, October 18, 1879.

I HAVE to request that your Excellency will state to Major Baring, in reply to his letter from Paris of the 16th instant, that the legal point which is therein raised respecting the "Inscriptions Hypothécaires," should, in the opinion of Her Majesty's Government, be settled at Vienna.

I am, &c.
(Signed) SALISBURY.

* Also to Mr. Egerton and Sir J. Walsham.

No. 1327.

The Marquis of Salisbury to Mr. Adams.

(No. 1256.)

Sir,

Foreign Office, October 18, 1879.

I HAVE this day forwarded a telegram to the following effect to Mr. Lascelles:—
 "Messrs. Rothschild have telegraphed direct to Cairo their answers to the inquiries of the Egyptian Government contained in your telegram No. 144 of the 8th instant. I sent you a copy by last night's mail.

"Urge the Egyptian Government to issue the Decree without further delay."

I have to request that you will suggest to M. Waddington that similar instructions should be sent to the French Consul-General at Cairo.

I am, &c.
 (Signed) SALISBURY.

No. 1328.

The Marquis of Salisbury to Mr. Lascelles.

(No. 278.)

Sir,

Foreign Office, October 18, 1879.

I HAVE sent you, by the mail of last evening, a copy of the answer returned by Messrs. Rothschild to the inquiries of the Egyptian Government upon the points indicated in your telegram No. 144 of the 8th instant, and I have instructed you, by telegraph, to urge upon Riaz Pasha that no further delay should take place in the issue of the Decree.

I am, &c.
 (Signed) SALISBURY.

No. 1329.

The Marquis of Salisbury to Sir A. Paget.

(No. 510.)

Sir,

Foreign Office, October 18, 1879.

I HAVE to request that you will inform the Government to which you are accredited that Her Majesty's Government are of opinion that all further negotiations on the subject of the Egyptian Finance Decrees should be now carried on at Vienna, in order to avoid delay.

Major Baring will proceed forthwith from Paris to Vienna.

I am, &c.
 (Signed) SALISBURY.

No. 1330.

Mr. Adams to the Marquis of Salisbury.—(Received October 19.)

(No. 1050.)

My Lord,

Paris, October 17, 1879.

M. WADDINGTON spoke to me again this afternoon respecting the question of appointing Deputy Controllers in Egypt, which was the subject of my despatch No. 1039 of the 14th instant.

His Excellency said that he did not think it expedient to have these appointments made for so short a time, and he added that, inasmuch as it appeared that the persons to be chosen would be Mr. Colvin and M. Bellaigue de Boughaz, the Commissaires de la Dette Publique, he saw a very serious objection to the scheme. He remarked that the functions of these Commissioners were very different from those of the Controllers-General. The former represented the bondholders, and their duties were strictly defined by law. The latter were justified in taking a general view of the financial situation, and in advising the Egyptian Government thereon.

The anomalous position which would result, were the same persons to occupy the two positions, would, M. Waddington thought, be brought out in striking relief on the occasion of the coupon about to fall due on the Unified Debt. The position, as I

understood, would be this: The Controllers, M. de Blignières and Major Baring, have already given advice to the Egyptian Government, which is tantamount to recommending that the coupon should not be paid in full.

Possibly Mr. Colvin and M. Bellaigue de Boughaz might agree with M. de Blignières and Major Baring, and might wish to give to give similar advice. Yet, as Commissaires de la Dette Publique, they would be obliged to demand formally the execution of the full legal requirements of the Egyptian Government until such time as those engagements shall have been altered by competent legal authority.

M. Waddington concluded by stating his opinion that it would be much better, inasmuch as the two Controllers-General would henceforth be constantly together; that the Egyptian Government should continue to act as they had just done, namely, that they should ask the Controllers-General for advice by telegraph should any occasion for doing so again arise before the latter have arrived in Egypt.

I have, &c.
 (Signed) F. O. ADAMS.

No. 1331.

Mr. Adams to the Marquis of Salisbury.—(Received October 19, 3 P.M.)

(No. 154.)

(Telegraphic.)

Paris, October 19, 1879, 12.20 P.M.

CONTROLLERS leave this evening for Vienna.

I inform Mr. Egerton by telegraph.

No. 1332.

Mr. Egerton to the Marquis of Salisbury.—(Received October 20.)

(No. 646.)

My Lord,

Vienna, October 13, 1879.

BARON CALICE thanked me for informing him to-day that Sir John Walsham had been instructed to tell the German Government that, in consequence of the acquiescence of other Powers, Her Majesty's Government agreed also to the proposed insertion in the Decree assigning the Rothschild Loan to the Floating Debt; but he had nothing particular to say or ask me on the subject of Egypt.

I have, &c.
 (Signed) EDWIN H. EGERTON.

No. 1333.

Mr. Malet to the Marquis of Salisbury.—(Received October)

(Secret.)

My Lord,

Therapia, October 14, 1879.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch marked Secret and Separate of the 19th ultimo, informing me of the result of a conversation which your Lordship has had with M. Waddington on Egyptian affairs.

I have, &c.
 (Signed) EDWARD B. MALET.

No. 1334.

Sir A. H. Layard to the Marquis of Salisbury.—(Received October 20, 9 A.M.)

(No. 701.)

(Telegraphic.)

Constantinople, October 20, 1879, 8.30 P.M.

WITH reference to my telegram No. 700, French Ambassador has, in pursuance of instructions from his Government, protested at the Porte against any new loan being raised on customs and indirect taxes on grounds that they are already pledged to French bondholders. He is very anxious that I should take the same course. I have told him that I have asked you for instructions.

Mr. Adams to the Marquis of Salisbury.—(Received October 21.)

(No. 1056.)

My Lord,

Paris, October 20, 1879.

ON receipt of your Lordship's telegram No. 172 of the 18th instant, I informed M. Waddington that your Lordship agreed to his Excellency's suggestions for supplying the omissions in the *Projet de Décret* for the Commission de Liquidation in Egypt, as recorded in my despatch No. 1046 of the 17th instant. I stated that this consent on the part of your Lordship was, however, subject to the result of any discussion at Vienna with respect to the proposal that the Egyptian Government should be represented by a Delegate only.

I also informed M. Waddington that your Lordship was of opinion that, in order to save delay, all further negotiations in the matter of Decrees to be issued by the Khedive or of the proposed collective note should now be carried on at Vienna, and that M. de Blignières and Major Baring should at once proceed to that capital.

I at the same time communicated to Major Baring your Lordship's instructions, that he should leave for Vienna forthwith.

M. Waddington concurring with your Lordship in this matter, the two Controllers-General left Paris for Vienna yesterday evening.

I have, &c.
(Signed) F. O. ADAMS.

No. 1336.

Mr. Adams to the Marquis of Salisbury.—(Received October 21.)

(No. 1057. Confidential.)

My Lord,

Paris, October 20, 1879.

IN accordance with your Lordship's telegram No. 173 of the 18th instant, I informed Major Baring that the legal point which he has raised with reference to the "inscriptions hypothécaires" should be settled at Vienna.

I have, &c.
(Signed) F. O. ADAMS.

No. 1337.

Mr. Adams to the Marquis of Salisbury.—(Received October 21.)

(No. 1058.)

My Lord,

Paris, October 20, 1879.

WITH reference to your Lordship's telegram No. 174 of the 18th instant, I have the honour to report that M. Waddington has given instructions by telegraph to M. Monge to urge upon the Egyptian Government that the Rothschild Loan Decree should be issued without commentary, and that all questions of detail should be left to the Commission of Liquidation.

I have, &c.
(Signed) F. O. ADAMS.

No. 1338.

Sir J. Walsham to the Marquis of Salisbury.—(Received October 21.)

(No. 72.)

(Telegraphic.)

Berlin, October 20, 1879, 10 P.M.

WITH reference to your telegram No. 59, the Minister for Foreign Affairs has informed me that German Government has no objection to all further negotiations respecting Egyptian Financial Decree being carried on at Vienna, in conformity with the desire of Her Majesty's Government, and they will accordingly communicate in this sense with the Austrian Government.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 21, 10.30 A.M.)

(No. 146.)

(Telegraphic.)

Cairo, October 21, 1879, 8.30 A.M.

EGYPTIAN Minister for Foreign Affairs has addressed a Circular to the Agents submitting Decree respecting Rothschild Loan, as inclosed in your despatch No. 251 of the 15th ultimo, with the exception of substitution of words "Dette Non-Consolidée" for "Dette Egyptienne" in Article 3.

No reference is made in the Circular to the interpretation to be given to the 2nd Article, and the hope is expressed that answer may be given as soon as possible.

I presume I may state that Her Majesty's Government accept Decree.

No. 1340.

*The Marquis of Salisbury to Mr. Lascelles.**

(No. 68.)

(Telegraphic.)

Foreign Office, October 21, 1879, midnight.

IN reply to your telegram No. 146, Her Majesty's Government accept the Decree, and you should urge Riaz to issue it without delay.

No. 1341.

The Marquis of Salisbury to Mr. Lascelles.

(No. 280.)

Sir,

Foreign Office, October 21, 1879.

AS it appears from your telegram No. 146 of this morning that Riaz Pasha has submitted to the Agents of the five Powers the Rothschild Decree in the terms communicated to you in my despatch No. 251 of the 15th ultimo, with the substitution in Article 3 of the words "Dette Non-Consolidée" for "Dette Egyptienne," I have authorized you by telegraph this evening to inform the Egyptian Government that the Decree is accepted by Her Majesty's Government as so amended, and that you should urge Riaz Pasha to issue it without delay.

I am, &c.
(Signed) SALISBURY.

No. 1342.

Sir A. Paget to the Marquis of Salisbury.—(Received October 22.)

(No. 414.)

My Lord,

Rome, October 19, 1879.

I HAVE the honour to inform your Lordship that I have this day addressed a note to the Italian Minister for Foreign Affairs, acquainting his Excellency, in compliance with your Lordship's instructions of yesterday's date, that Her Majesty's Government consider that all further negotiations respecting Egyptian Financial Decrees should now be carried on at Vienna to save delay, and that Major Baring has been directed to proceed there forthwith from Paris.

I have, &c.
(Signed) A. PAGET.

No. 1343.

Mr. Egerton to the Marquis of Salisbury.—(Received October 22.)

(No. 162.)

(Telegraphic.)

Vienna, October 21, 1879.

MAJOR BARING arrived this morning. I have presented him to Baron Haymerle.

* Repeated to Vienna, Paris, Rome, and Berlin.

No. 1344.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 22, 12:30 P.M.)

(No. 147.)
(Telegraphic.)

Cairo, October 22, 1879, 11:40 A.M.

AUSTRIAN Agent, in acknowledging [? receipt of] Circular submitting Rothschild Decree, has stated that the definitive assent of his Government must remain suspended until all doubt should have been removed as to maintenance of right acquired by holders of inscriptions taken out before 3rd February.

No. 1345.

The Marquis of Salisbury to Mr. Lascelles.

(No. 69.)
(Telegraphic.)

Foreign Office, October 22, 1879, 5:55 P.M.

ROTHSCHILD Decree. I understood it was agreed that Riaz should, in a note to the Agents, accept the interpretation put upon the 2nd Article by Austrian Agent, as mentioned in your despatch No. 531 of the 28th September, and my reply, No. 262 of the 2nd instant.

Riaz has not done this; the Rothschilds tell us that the assent of Austria and Germany is consequently suspended.

You should unofficially point out to Riaz that this is a mistake on his part, as it creates unnecessary delay. He should do what is necessary to get this Decree passed without delay, or we shall never push the liquidation forward.

No. 1346.

The Marquis of Salisbury to Mr. Lascelles.

(No. 282.)
Sir,

Foreign Office, October 22, 1879.

I UNDERSTOOD that it was agreed that Riaz Pasha should address a note to the Agents of the five Powers accepting the interpretation put by M. Schaeffer upon the 2nd Article of the Rothschild Loan Decree with regard to the inscriptions anterior to the 3rd February, so far as they are legally valid, as mentioned in your despatch No. 531 of the 28th ultimo, to which I replied by my despatch No. 262 of the 2nd instant.

But it now appears from your telegram, No. 146 of yesterday, that in the Circular which Riaz Pasha has addressed to foreign Agents, submitting the Decree for their acceptance, no allusion is made to the interpretation to be given to the 2nd Article, and Messrs. Rothschild state that in consequence both Austria and Germany are for the moment withholding their assent.

I should wish you to point out to his Excellency, unofficially, that this is a mistake on his part, as it will unnecessarily delay the Decree, which he should endeavour to issue forthwith, as until this is done it will be impossible to make any progress with the liquidation scheme.

I am, &c.
(Signed) SALISBURY.

No. 1347.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 23, 5 P.M.)

(No. 148.)
(Telegraphic.)

Cairo, October 23, 1879, 3 P.M.

THE reason of omission in the Circular submitting Rothschild Decree of any mention of interpretation to be given to Article No. 2 is that French Government were of opinion that it would be better to avoid in the Circular any matter that might give rise to discussion. A Circular had already been prepared accepting the interpretation as suggested by Austrian Agent, but it was altered in consequence of M. Monge's observations.

Austrian Agent has now suggested the addition of a fourth Article, stating Decree shall only take effect upon the reservation of full exercise of rights acquired by creditors who have taken out inscriptions before 2nd and 3rd February.

M. Schaeffer, therefore, thinks it doubtful whether he would now be authorized to accept any interpretation contained in a Circular from Egyptian Minister, even if French Government should agree to such a course.

Egyptian Government are willing to accept anything that the Powers may agree upon, and are most anxious to [group omitted, ? avoid] further delay.

No. 1348.

Mr. Egerton to the Marquis of Salisbury.—(Received October 23, 8 A.M.)

(No. 163.)
(Telegraphic.)

Vienna, October 23, 1879, 1:15 A.M.

CONTROLLERS saw two Under-Secretaries to-day, who told them that the Governments with whom Austria is acting in concert had accepted plan of M. Kremer.

Under-Secretaries seem to hold that the Controllers should share their prerogatives with Commissioners of Debt, and to make this a condition of agreement of Austria to the Law of Liquidation.

If the Decree respecting prerogatives of Controllers has been signed by the Viceroy of Egypt, it would be of advantage that it should be communicated to Austrian Government, as Article 3 of this Decree increases to a certain degree prerogatives of Commissioners of Debt.

Under-Secretaries also hold to the payment of the mortgages, even after they had been shown that this payment would absorb all the disposable funds of the Rothschild Loan, and would leave nothing for distribution to other creditors.

They have not, however, given final answer.

No. 1349.

Mr. Egerton to the Marquis of Salisbury.—(Received October 23, midnight.)

(No. 165.)
(Telegraphic.)

Vienna, October 23, 1879, 9 P.M.

BARON CALICE told me to-day that, having referred questions submitted by Controllers-General to Minister for Foreign Affairs, he informed me by instructions of latter that Austrian Government could not give way on question of mortgagees, as it would be committing an illegal act towards its own subjects.

I interrupted him, as I did not wish to take this answer officially, and begged him to name a time when he can see the Controllers and resume the discussion of yesterday.

He named to-morrow afternoon.

A note embodying the case will be then presented to the Austrian Government, and they will be requested to answer in writing.

As I had been privately and confidentially informed that in the Austrian Foreign Office it was considered that the mission of the Controllers had already failed, I ventured to dwell somewhat strongly on the importance of the step taken by the Austrian Government in opposing the proposals of the Controllers, the question of whose prerogatives I did not allude to to-day.

No. 1350.

Mr. Egerton to the Marquis of Salisbury.—(Received October 24.)

(No. 658.)
My Lord,

Vienna, October 21, 1879.

MAJOR BARING and M. de Blignières arrived this morning, and were presented by the French Ambassador and myself to Baron Haymerle, with the request that his Excellency would, as time was pressing, put them at once into communication with the member of his Department who would be charged to go into the questions

on which the two Controllers are anxious to obtain the assent of the Austrian Government.

Baron Haymerle promised to name the hour to-morrow, when either Baron Calice or Baron Schwegel (I presume the former) would be at their disposition.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1351.

Count Károlyi to the Marquis of Salisbury.—(Received October 24.)

(Private.)

Dear Lord Salisbury,

Belgrave Square, October 23, 1879.

I HAVE informed my Government that the negotiations respecting Egyptian matters are to be brought to a close at Vienna.

I have, however, yesterday received a despatch, dated the 20th of this month, which I am directed to communicate to you.

You will see that the Imperial and Royal Government think it of importance that in some way, either in the form of a declaration on the part of the Egyptian Government, as annexed to the inclosed despatch or otherwise, it should be formally put on record that the claims inscribed prior to the 2nd-3rd February last on the lands hypothecated for the Rothschild Loan, cannot be touched by the Decree.

I have reported to my Government that I shall, as the negotiations are now transferred to Vienna, make this communication to you more "à titre d'information."

Believe me, &c.
(Signed) KÁROLYI.

Inclosure 1 in No. 1351.

Baron Calice to Count Károlyi.

(Translation.)

Noble Count,

Vienna, October 20, 1879.

AS your Excellency is aware after long negotiations with the Powers interested we have in agreeing to the Khedive's Decree respecting the inviolability ("insaisissabilité") of the estates pledged to the so-called Rothschild Loan, instructed our Representative in Egypt to agree to the text of such a Decree, which text is already known to your Excellency, and was annexed in copy to your Report of the 16th ultimo, on the presumption that the exercise and continuance of already acquired mortgage rights were to be reserved undiminished in favour of creditors holding mortgages on the estates in question registered before the 2nd-3rd February.

Meanwhile, the wish of Germany that an additional clause should be inserted in the Decree which should stipulate most distinctly for the application of incoming moneys to the service ("begleichung") of the so-called floating debt, has been the cause of the delay in the final settlement of the Decree.

Although this consideration seemed to meet with unanimous approval, the Egyptian Government might come forward to solicit the approval of the Powers to the provisions of the Khedive's Decree, and the authority already communicated to our Representative at Cairo for that purpose would again come into force.

We gather from a Report just received from Herr von Schaeffer that our above-mentioned presumption which we were glad to see received the express concurrence of the other Powers does not appear to him to be in any way beside the question.

Herr von Schaeffer then deemed himself obliged, without any distinct instructions from us, to urge the Egyptian Minister for Foreign Affairs to make a Declaration, by which no doubt would be left on this point.

In consequence, therefore, of the explanation of the state of affairs given by Herr von Schaeffer, we now hold ourselves convinced that the whole declaration of the rights of mortgage-creditors registered before the 2nd-3rd February must be expressed in some form or other, since every other interpretation of Article 2 of the Decree would alter the character of the substance of the Decree in question, from what that character has as yet been represented to us to be by persons interested both on the Egyptian side and otherwise.

Will your Excellency speak to Lord Salisbury in this sense?

(Signed) CALICE.

Inclosure 2 in No. 1351.

Draft Declaration.

JE dois ajouter pour mettre fin aux difficultés qu'a pu faire naître le mot "radiation" contenu dans l'Article 2 du Décret, qu'il est bien entendu que tous les droits dérivant de la loi en matière hypothécaire acquis par les créanciers dont les inscriptions sont antérieures aux 2 et 3 Février, 1879, sont et demeurent intacts et qu'il n'y est porté aucune atteinte.

No. 1352.

The Marquis of Salisbury to Mr. Egerton.

(No. 144.)

(Telegraphic.)

Foreign Office, October 24, 1879.

I DO not think it desirable to communicate to Austria Decree concerning Controllers, as it will give Austria a pretext for interfering.

Under no circumstances could we consent to Kremer's scheme.

If no Liquidation Decree can be arranged, England and France will probably be compelled to withdraw from recognition of the Mixed Tribunals, with whose anomalous jurisdiction over the State the whole difficulty originates.

No. 1353.

The Marquis of Salisbury to Mr. Lascelles.

(No. 70.)

(Telegraphic.)

Foreign Office, October 24, 1879, 4.20 P.M.

PLEASE send home the Report of the Custom-house Commission of Inquiry referred to in your despatch No. 550 of the 10th instant.

No. 1354.

The Marquis of Salisbury to Mr. Egerton.

(No. 145.)

(Telegraphic.)

Foreign Office, October 24, 1879.

I DO not believe that the Controllers will attain any useful end by trying to press the Austrian Government to assent to depriving the pre-hypothecated creditors of their legal security, whatever it is. However just the view of the Controllers may be, it is evident that the Austrian Government, which only cares for its particular subjects, and not at all for Egypt or any other nationals, has us at its mercy. They have a plausible legal claim, which we have no means of forcing them to give up.

No. 1355.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 24, 3.15 P.M.)

(No. 149.)

(Telegraphic.)

Cairo, October 24, 1879, 2.45 P.M.

M. MONGE has received draft Decree defining attributions of Controllers-General, and has been instructed to concert with me as to communicating it to the Khedive. I am waiting, as directed by your despatch No. 271, for further instructions.

No. 1356.

The Marquis of Salisbury to Mr. Egerton.

(No. 666.)

Sir,

Foreign Office, October 24, 1879.

WITH reference to your telegram No. 163 of the 21st instant, I have to inform you that Her Majesty's Government do not consider it desirable to communicate to

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the Austrian Government the Decree concerning the Controllers, as it will give them a pretext for interfering.

Under no circumstances could Her Majesty's Government consent to the scheme of Mr. Kremer. If no liquidation Decree can be arranged, England and France will probably be compelled to withdraw from their recognition of the Mixed Tribunals, with whose anomalous jurisdiction over the State the whole difficulty originates.

I am, &c.
(Signed) SALISBURY.

No. 1357.

The Marquis of Salisbury to Mr. Egerton.

(No. 668.)

Sir, *Foreign Office, October 24, 1879.*
WITH reference to your telegram No. 165 of yesterday's date reporting that Baron Calice had told you that the Austro-Hungarian Government could not give way on the question of mortgages, as it would be committing an illegal act towards their own subjects, I do not believe that the Controllers can attain any useful end by endeavouring to press the Austro-Hungarian Government to assent to depriving the pre-hypothecated creditors of any rights legally secured to them. It is quite evident that, whatever justice there may be in the view held by the Controllers, the Austrian Government consult only the interests of their particular subjects, and care not the least about Egypt or other nationals concerned, and that we are, in this matter, at their mercy. They possess a plausibly legal claim which it would be difficult to contest, and which Her Majesty's Government have no means of forcing them to give up.

I am, &c.
(Signed) SALISBURY.

No. 1358.

The Marquis of Salisbury to Mr. Egerton.

(No. 669.)

Sir, *Foreign Office, October 24, 1879.*
I HAD some conversation on Wednesday afternoon with the Austrian Ambassador on the affairs of Egypt. I informed him that the Powers were agreed to transfer the negotiations to Vienna, for the purpose of saving time and avoiding unnecessary confusion. I hoped that he would express to the Austro-Hungarian Government the anxiety of Her Majesty's Government to bring this matter to an early and satisfactory conclusion.

I had observed that small difficulties of detail were constantly arising and objections were being made upon points of inferior importance, and I could not help fearing that the matter was looked upon as one of too small importance for consideration by the chief political officials of the department. It was quite natural that, with the subordinate officers, the solicitations of bankers and other persons interested should have their due and perhaps more than their due weight. I therefore hoped that Baron Haymerle would see his way to impress upon those who served under him the importance of a speedy settlement of the matters under consideration.

I am, &c.
(Signed) SALISBURY.

No. 1359.

Mr. Adams to the Marquis of Salisbury.—(Received October 25.)

(No. 1065.)

My Lord,

Paris, October 24, 1879.

NUBAR PASHA has informed me that M. Waddington sent for him before leaving Paris on the 20th instant, and informed him that, as far as he was concerned, he did not wish to put any difficulty in the way of his (Nubar's) return to Egypt.

The Pasha told me that he should probably leave for Egypt in the early part of November.

I have, &c.
(Signed) F. O. ADAMS.

No. 1360.

Mr. Egerton to the Marquis of Salisbury.—(Received October 25.)

(No. 166.)

(Telegraphic.)

Vienna, October 24, 1879.

CONTROLLERS' interview to-day equally unsatisfactory.

Austrians wish for decision of mortgagees' [group wrong] rights before touching other questions.

Aware though I have been of your Lordship's views, I did not venture to advise any concession here till I knew that Austrians would also yield other points.

Delay of decision seemed safer course until we knew exactly what Austria would concede, for I [? believe] her position is that of Kremer's memorandum.

No. 1361.

The Marquis of Salisbury to Mr. Egerton.

(No. 147.)

(Telegraphic.)

Foreign Office, October 25, 1879.

GERMAN Chargé d'Affaires informs me that the German Government announce their support of the Austrian proposed clause in the Rothschild Loan Decree, and wish it treated at Vienna. Her Majesty's Government have agreed to its being dealt with there.

No. 1362.

The Marquis of Salisbury to Mr. Egerton.

(No. 671.)

Sir,

Foreign Office, October 25, 1879.

I HAVE to state to you that Baron von den Brincken has informed me that the German Government supported the clause proposed by the Austrian Government to be inserted in the Rothschild Loan Decree with regard to the claims of the mortgagees prior to the 3rd February, and considered the matter should be dealt with at Vienna.

I thanked Baron von den Brincken for his communication, and informed him that Her Majesty's Government agreed that the matter should be dealt with at Vienna.

I am, &c.
(Signed) SALISBURY.

No. 1363.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 26.)

(No. 555. Political.)

My Lord,

Cairo, October 14, 1879.

WITH reference to my despatch No. 550 of the 10th instant, I have the honour to inclose a copy of a letter which I have received from Mr. Scrivenor inclosing a copy of the protest which he has addressed to Riaz Pasha against his suspension from his functions of Director-General of Egyptian Customs, and asking for my support in the matter.

I have also the honour to inclose a copy of the answer which I have addressed to Mr. Scrivenor, informing him that I had forwarded his letter and its inclosure to your Lordship.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1363.

Mr. Scrivenor to Mr. Lascelles.

Alexandria, October 11, 1879.
 Sir, I HAVE the honour to transmit to you herewith copy of my letter to his Excellency the Minister of Finance, in reply to his despatch of the 7th instant, informing me of my suspension from my functions of Director-General of Egyptian Customs.

I have taken this course in order to preserve intact my rights under my contract with the Egyptian Government.

I have the honour to beg of you to accord me your support in this matter.

I am, &c.
 (Signed) G. H. SCRIVENOR.

Inclosure 2 in No. 1363.

Mr. Scrivenor to Riaz Pasha.

Alexandrie, le 9 Octobre, 1879.
 Excellence, J'AI l'honneur de vous accuser réception de votre dépêche en date de l'avant hier, laquelle m'a appris que par décision du Conseil des Ministres je suis provisoirement suspendu de mes fonctions de Directeur-Général des Douanes.

Péniblement surpris par cette mesure que rien n'explique ni ne légitime, je n'ai pas voulu m'y soumettre sans élever les plus énergiques protestations tant contre l'acte qui m'atteint si injustement que contre le motif qui a servi de prétexte pour le provoquer.

J'ai aussi voulu déclarer à votre Excellence que, quoiqu'il arrive, j'entends maintenir et revendiquer les droits si précis que me donnent le contrat qui me lie au Gouvernement Egyptien.

Agréé, &c.
 (Signé) G. H. SCRIVENOR.

Inclosure 3 in No. 1363.

Mr. Lascelles to Mr. Scrivenor.

Cairo, October 13, 1879.
 Sir, I HAVE the honour to acknowledge the receipt of your letter of the 11th instant, inclosing a copy of your letter to his Excellency the Minister of Finance in reply to his despatch of the 7th instant, informing you of your suspension from your functions of Director-General of Egyptian Customs.

I shall not fail to transmit a copy of your letter and its inclosure to Her Majesty's Principal Secretary of State for Foreign Affairs, to whom I have already communicated the fact of your having been suspended.

I have, &c.
 (Signed) FRANK C. LASCELLES.

No. 1364.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 26.)

(No. 556. Political.)

My Lord,

Cairo, October 15, 1879.

I HAVE the honour to transmit to your Lordship herewith a copy of a Circular which I have received from the Egyptian Minister for Foreign Affairs, stating that in order to enable the Government to meet its financial engagements, it has been decided to call upon the taxpayers to pay, within a fortnight from the date of this Circular, the taxes of the current year which are not contested; to enforce the measures of coercion prescribed by the regulations in case of non-payment of these taxes, and to submit to the Ministry of Finance the questions relating to the contested taxes.

As the above Circular contains nothing which is contrary to the spirit of the Constantinople Protocol of the 28th July, 1868, relative to the right of British subjects to hold real property in the Ottoman dominions, I have thought it right to acknowledge the receipt of the Circular in question by the note, of which I have the honour to inclose a copy, and in which I inform Moustapha Pasha Fehmy that I have requested Her Majesty's Consular officers under my jurisdiction to give to the Circular the necessary publicity.

I have, &c.
 (Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1364.

*Extract from the "Moniteur Egyptien" of October 14, 1879.**Circulaire No. 692.*

*Ministère des Affaires Etrangères, Caire,
 le 12 Octobre, 1879.*

M. le Consul-Général,

PAR différents rapports adressés à ce Ministère, les Moudiriehs se plaignent des retards qu'elles rencontrent dans la perception des impôts malgré les fréquentes réclamations qu'elles ont déjà formulées à ce sujet.

Cet état de choses est d'autant plus regrettable, M. le Consul-Général, que le Gouvernement, vous le savez, a des obligations impérieuses à remplir et qu'il doit recueillir à cet effet toutes les ressources sur lesquelles il peut légitimement compter.

En Egypte, comme ailleurs, les impôts forment une partie majeure de ces ressources.

Le Gouvernement en est privé par suite des attermolements indéfinis qui proviennent du fait des débiteurs.

Il importe de mettre fin à une situation qui nuit à tous les intérêts.

En conséquence, il a été décidé, M. le Consul-Général, que les contribuables seraient invités une dernière fois, par l'intermédiaire de ce Ministère, à payer les impôts non contestés de cette année dans la quinzaine qui suivra la présente communication; à défaut de ce paiement, l'autorité serait dans la pénible nécessité de recourir à l'application des mesures de rigueur prescrites par les règlements.

Quant à la portion des impôts sur laquelle il y aurait des contestations de la part des contribuables, il a été décidé que ces derniers n'auraient qu'à présenter dans le délai de dix jours leurs objections dans des requêtes aux Moudiriehs respectives, qui transmettront ces requêtes au Ministère des Finances, en vue des vérifications et solutions nécessaires. Le tout, naturellement, sans préjudice des arriérés remontant à une date antérieure, qui seront l'objet de solutions postérieures.

Je me plais à espérer, M. le Consul-Général, que cette décision vous paraîtra aussi conciliante que possible, et que vous voudrez bien inviter vos administrés à s'y conformer, dans l'intérêt général.

Veillez, &c.
 Le Ministre des Affaires Etrangères,
 (Signé) MOUSTAPHA FEHMY.

Inclosure 2 in No. 1364.

Mr. Lascelles to Moustapha Pasha Fehmy.

M. le Ministre,

Caire, le 15 Octobre, 1879.

J'AI l'honneur d'accuser réception de la Circulaire que votre Excellence a bien voulu m'adresser à la date du 12 courant, pour me communiquer la décision du Gouvernement du Khédive d'inviter les contribuables, par l'intermédiaire de votre Ministère, à payer les impôts non contestés de cette année dans un délai fixé; d'appliquer les mesures de rigueur prescrites par les règlements en cas de non paiement; et de faire vérifier et résoudre par le Ministère des Finances les questions relatives aux impôts contestés.

Je m'empresse de vous répondre, M. le Ministre, que je n'ai pas manqué de transmettre des copies de votre Circulaire aux Consuls de Sa Majesté qui se trouvent

sous ma juridiction, en les invitant à donner à la Circulaire la publicité qu'elle comporte.

Veuillez, &c.
(Signé) FRANK C. LASCELLES.

No. 1365.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 26.)

(No. 557. Political.)

My Lord,

Cairo, October 17, 1879.

WITH reference to my despatch No. 556 of the 15th instant, I have the honour to inclose a copy of a Circular which Riaz Pasha, as Minister of Finance, has addressed to the Moudirs and principal tax collectors of the provinces, containing instructions for the collection of the taxes due by the Dairas, Notables, and European landowners for the current year.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1365.

Extract from the "Moniteur Egyptien" of October 17, 1879.

Circulaire adressée le 15 Octobre, 1879, par son Excellence le Ministre des Finances aux Moudirs et au Percepteurs-Généraux, et communiquée aux Inspecteurs de la Basse et de la Haute-Egypte.

(Traduction.)

LE Conseil des Ministres a examiné la question relative aux impôts fonciers et à la Moukabalah, dûs fin 1879 par les Dairas, les hauts personnages et les Européens, ainsi qu'aux retards qu'ils apportent ordinairement dans l'acquittement de ces impositions, mettant ainsi le Ministère des Finances dans la nécessité d'en réclamer continuellement le paiement.

En conséquence, le Conseil des Ministres a décidé :—

Que la perception des impôts n'incombe pas au Ministère des Finances ; mais que ce service rentre dans les attributions exclusives des Moudiries, et forme une des principales charges de ses agents de perception ;

Que les Moudiries étant seules chargées de ce service, il est indispensable que les sommes dues par les Dairas, les hauts personnages et les Européens soient recouvrées par les soins des agents chargés de la perception dans les différentes localités, qui auront à appliquer les mêmes mesures employées à l'égard des autres contribuables, en conformité des dispositions des règlements en vigueur ;

Qu'il y a lieu par suite que les percepteurs adressent des sommations aux Dairas et aux hauts personnages, en leur fixant un délai de quinze jours pour l'entier paiement des sommes par eux dues ;

Que ceux de ces débiteurs qui auront des objections plausibles à faire valoir, devront les soumettre au Ministère des Finances dans un délai de dix jours à partir de la date de la sommation, et si ce Ministère juge les objections formulées par ces contribuables de nature à donner lieu à un examen et à l'ajournement de la perception de leurs impôts, il donnera des ordres en conséquence ;

Dans le cas contraire, les mesures de rigueur prescrites par les règlements seront appliquées pour obtenir le paiement soit par la vente des produits ou par la saisie des fermages des terres, ainsi qu'il est procédé à l'égard des autres contribuables retardataires ;

Qu'il importe également que les dits percepteurs réclament aux Européens le paiement des sommes non contestées, dont ils sont débiteurs, et qu'ils leur adressent les sommations aux lieux où seraient situées leurs terres, en leur fixant un délai de quinze jours pour effectuer le paiement de ces sommes ;

Qui si les Européens avaient des raisons valables à présenter à l'appui du non paiement de leurs contributions, ils auraient également à les présenter au Ministère

des Finances dans le délai de dix jours à partir de la date de la remise des communications qui leur auront été faites ;

Qu'une Circulaire soit adressée en ce sens à MM. les Consuls-Généraux par les soins du Ministère des Affaires Etrangères, et qu'à défaut de paiement des impôts dûs par leurs administrés dans le délai fixé, le Gouvernement aura recours à l'application des mesures de rigueur prescrites par les règlements pour en obtenir l'acquittement.

A la suite de cette décision je vous invite à sommer immédiatement les Dairas, les hauts personnages, et les contribuables Européens de payer, dans les délais sus-énoncés, la totalité des impôts dont ils sont débiteurs, en ayant soin de ne réclamer que les impôts incontestables tels que les dîmes et les impôts proprement dits, ainsi que la Moukabalah que les contribuables se seraient engagés à payer, et en les prévenant qu'à défaut de paiement ou de présentation d'objections motivant le refus du paiement, délai indiqué ci-haut, l'autorité procédera au recouvrement des fermages de leurs terres, si elles sont cultivées pour leur propre compte, et ce conformément aux lois et règlements en vigueur.

Il importe, en outre, que les sommations adressées aux Dairas et aux hauts personnages leur soient promptement remises dans leur propre domicile et que celles adressées aux Européens parviennent soit à leur personne ou à leurs mandataires aux lieux où sont situées leurs terres, contre reçus délivrés par eux ou par leurs mandataires.

Si, lors de la remise des sommations, il n'était pas possible d'en obtenir des reçus, les délégués des Moudiries devraient alors dresser des procès-verbaux constatant la remise de ces sommations.

En cas de non paiement et à défaut d'objections, l'autorité procédera, à l'expiration du délai fixé, au recouvrement du montant des loyers des terres des débiteurs, si elles sont affermées, et à la saisie de leurs produits, si elles sont cultivées pour leur propre compte, conformément aux règlements et aux ordres existant aux Moudiries, et à la vente aux enchères publiques dans un délai qui sera fixé à cet effet.

Quant aux Européens relevant des Consulsats ayant des Agents dans les lieux mêmes où siègent les Moudiries et à l'égard desquels l'autorité devra appliquer les mesures de rigueur, il y a lieu de prévenir immédiatement leurs Agents Consulaires en les invitant à désigner des délégués de leur part pour assister à la saisie et à la vente des produits des terres de leurs administrés retardataires.

Dans le cas où les délégués ne se présenteraient pas aux jours fixés pour ces opérations, l'autorité passera outre et procédera à la saisie et à la vente des produits en dressant à cet effet des procès-verbaux revêtus des signatures de tous les assistants, lesquels procès-verbaux seront déposés aux archives des Moudiries.

Le produit des ventes sera recouvré immédiatement et affecté au remboursement des sommes dues aux Moudiries. Dans le cas où ce produit ne suffirait pas à rembourser ces sommes, il sera procédé au recouvrement du solde, par l'application des mesures prescrites par les règlements et les ordres précités.

Je vous invite à vous conformer immédiatement et sans aucun retard aux prescriptions de la présente Circulaire en ce qui concerne la perception dans votre Moudirie, et je viens d'écrire aux autres agents de perception qu'ils agissent de même.

No. 1366.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 26.)

(No. 558. Political.)

My Lord,

Cairo, October 17, 1879.

I HAVE the honour to inclose an extract from the "Moniteur Egyptien," containing two Circulars addressed to the Moudirs of the provinces by Riaz Pasha.

The first of these Circulars calls attention to the frequent cases of robbery and assassination which have been recently reported to the Ministry of the Interior, and points out that this state of things, although principally attributable to irregularities in the service of the guardians of the public safety, casts a serious responsibility upon all the local authorities.

His Excellency, therefore, calls upon all the public functionaries loyally to fulfil their duties, and states that if, in spite of these instructions, any functionaries should be so careless as to disregard them, the Ministry would be compelled to take legal

proceedings against them, and demand that the law should be applied to them in its utmost rigour.

The second Circular refers to two petitions, copies of which are also published, addressed to Riaz Pasha by the Sheiks and Notables of certain districts in the Province of Fayoum, complaining of the ill-treatment to which they have been subjected by the collectors of taxes in the province.

In consequence of these complaints Riaz Pasha has ordered an inquiry to be held, and he calls attention to the fact that in order that the collection of taxes may be carried on with gentleness and equity without injury to the tax-payer.

I have, &c.

(Signed) FRANK C. LASCELLES.

Inclosure in No. 1366.

Extract from the "Moniteur Egyptien" of October 13, 1879.

Circulaire adressée par Son Excellence Riaz Pacha, Ministre de l'Intérieur et Président du Conseil des Ministres, aux Moudirs des Provinces.

(Traduction.)

LES dépêches adressées à ce Ministère par les Moudirichs, signalent de nombreux cas de vol et assassinat, perpétrés dans diverses localités, et dont la répétition n'est pas compatible avec la sûreté personnelle et la sécurité générale. Une telle perturbation dans l'ordre public doit être principalement attribuée à des irrégularités dans le service des ghaphirs ou gardiens de sûreté, à l'absence de ces agents de leurs postes, au défaut de rondes, enfin à la négligence criminelle dans l'exécution des divers règlements et circulaires régissant la matière et publiés à cet effet. La responsabilité n'est pas d'ailleurs restreinte à une seule branche de l'Administration; elle incombe particulièrement aux autorités locales, tant dans l'ordre judiciaire que dans l'ordre administratif. En effet, si tous les fonctionnaires, dans leurs charges respectives, faisaient leur devoir avec zèle, conscience et entente, aurait-on le regret de constater que la sécurité, base de l'ordre dans un pays, laisse tant à désirer? Du reste la justice est-elle régulièrement distribuée? On est malheureusement contraint de répondre par la négative, témoin les réclamations nombreuses, les plaintes incessantes qui parviennent à se Ministère, et par lesquelles les plaignants protestent énergiquement contre les lenteurs désespérantes apportées dans les procès, aussi bien que dans les affaires qui restent indéfiniment en souffrance, gisant dans l'oubli ou l'indifférence, comme si aucun intérêt n'y était attaché. Serait-il admissible que les plaignants peuvent ne pas dire la vérité? Une telle supposition toucherait à l'invraisemblable. Comment, en effet, admettre que tant de paisibles citoyens puissent se résoudre, de gaieté de cœur, et sans les raisons les plus pressantes, à quitter leurs familles, à abandonner leurs travaux, s'imposant des sacrifices et supportant des frais, parfois trop onéreux, s'ils n'y étaient contraints par les motifs les plus plausibles, par le devoir le plus sacré, qui consiste, pour une homme, à défendre ses intérêts et à sauvegarder ses droits.

Cette insouciance des intérêts publics est tout-à-fait contraire aux instructions données à ce sujet dans les diverses Circulaires publiées par ce Ministère, qui recommandent d'une manière catégorique la prompte et juste solution que chaque affaire comporte, et qui insistent énergiquement, et dans des termes ne donnant lieu à aucune équivoque, pour qu'aucun intérêt ne soit lésé. Du reste n'est-ce pas en cela que consiste le devoir des magistrats, Moudirs, et chefs de service? Autrement pourquoi occuperaient-ils ces fonctions, et dans ce cas combien serait coupable l'autorité supérieure, si elle pouvait se résigner à garder le silence en présence de faits aussi graves. J'aime donc à espérer qu'il suffira de signaler ces abus, pour que les autorités locales s'empressent, dans la limite de leurs attributions, d'assurer la sécurité publique, en organisant et surveillant le service des graphiers. J'ai également lieu de croire qu'à l'avenir ces mêmes autorités, déployant l'activité et le dévouement qu'elles doivent au pays, auront à cœur et tiendront à honneur de se consacrer sérieusement et avec loyauté aux affaires dont elles seront saisies. C'est à ces conditions qu'elles prouveront qu'elles savent et veulent se conformer ponctuellement aux pressantes instructions qui leur sont adressées et qui ont pour objet le bien public.

En procédant de la sorte, il n'y aura plus d'affaires en souffrance, plus de lenteurs, et ainsi les intérêts de chaque citoyen seront sauvegardés, l'ordre public cessera d'être troublé.

C'est par ce seul moyen qu'on coupera court à ces justes réclamations, à ces plaintes émouvantes dont on assiège constamment le Ministère. Mais si malheureusement, malgré ces énergiques instructions, ces recommandations précises, il se trouvait des fonctionnaires assez insouciantes qui n'en tiennent pas compte, ce Ministère se trouverait alors dans la dure nécessité de les traduire devant les Tribunaux, et exigerait, en conséquence, avec toute l'énergie voulue, que la loi leur fût appliquée dans toute sa rigueur.

Avant de terminer, je tiens à vous déclarer que dans le cas où vous auriez des observations à faire valoir concernant les divers points sur lesquels je viens, par la présente, d'appeler votre plus sérieuse attention, vous avez toute la latitude nécessaire pour les faire parvenir à ce Ministère.

Copie d'une Requête présentée par les Cheiks et Notables du Canton de Dafnou (Fayoum) à Son Excellence Riaz Pacha, Ministre de l'Intérieur, Président du Conseil des Ministres.

Depuis que la justice a inauguré son règne dans ce pays, nous avons dû conclure qu'elle doit avoir pour principaux résultats la sécurité des habitants et l'inviolabilité de leurs foyers, ayant pour effet l'attachement des citoyens au sol et à la patrie en général. Aussi les ordres donnés pour la perception des impôts recommandent-ils particulièrement les bons procédés envers les contribuables. Nous voyant donc traiter tout-à-fait contrairement à l'esprit et à la lettre des ordres précités, nous prenons la liberté d'exposer à votre Excellence nos griefs, dans l'espoir qu'elle voudra bien nous rendre justice, et nous protéger contre l'oppression qu'exerce sur nous le percepteur de la Moudirieh.

Aussitôt que le paiement de l'impôt fut réclamé, nous dûmes faire les plus grands sacrifices pour l'acquitter: notre récolte, riz et dourah, encore en herbe, fut vendue à vil prix, à raison de 28 piastres l'ardeb. Malgré ce sacrifice, nous nous disions: cela nous épargnera du moins les procédés sans nom du percepteur. Mais, hélas! c'était pure illusion et ce fonctionnaire nous fit bientôt voir ce dont il est capable. Le 6 Chawal, le percepteur arrive dans notre localité et s'enquérant de la somme que nous avons pu nous procurer, ne la trouve pas, dit-il, aussi forte qu'il l'aurait désiré. Bien que ne partageant pas son avis, nous lui demandons néanmoins un délai de deux jours; que pouvions-nous faire de plus? Il nous refuse pourtant ce court délai, et lançant ses ordres, cinquante ghaphirs répondent à son appel. Il leur ordonne d'assailir nos maisons et de les mettre à sac, en leur recommandant de lui amener femmes et bétail. L'alarme fut générale et les habitants se dispersèrent, cherchant à se réfugier dans une contrée plus hospitalière.

Tel est, Excellence, le motif plausible qui nous porte à présenter cette requête, par laquelle nous supplions le Ministre de l'Intérieur de vouloir bien ordonner une enquête à ce sujet, et il aura le regret de constater que notre localité est presque déserte. Nous terminons en osant prendre la liberté de faire observer à votre Excellence que l'enquête serait nulle si l'autorité locale de la Moudirieh en était chargée.

Copie d'une Pétition présentée par les Cheiks de quelques Villages dépendant de la Moudirieh de Fayoum à Son Excellence Riaz Pacha, Ministre de l'Intérieur, Président du Conseil des Ministres.

Lorsque la rentrée des impôts s'effectuait directement par les soins du percepteur de la Moudirieh, nous avions la douleur de constater tous les jours de nouveaux abus. Nous étions menacés d'une ruine complète, sans avoir la consolation de pouvoir nous adresser nulle part, pour obtenir la répression de tant de vexations et nous soustraire à d'aussi cruelles avanies. Nous avons toujours redouté, et avec raison, l'influence du percepteur, sûrs que nous étions qu'à la moindre réclamation de notre part, nous paierions cher notre témérité. Par bonheur pour nous, l'administration et la perception dans notre localité furent confiées à Moussa Agha, Mamour d'Ibchaoui. Ce digne fonctionnaire mettant à profit sa longue expérience de la contrée et de ses habitants, nous administre avec douceur et intelligence et fait toujours rentrer les impôts sans exercer aucune violence sur les contribuables. Ainsi, les abus ont cessé; la contrée commence à respirer, et chacun acquitte ses contributions avec une facilité relative.

Le percepteur de la Moudirieh ne semble pas vouloir nous pardonner de n'être plus sous sa domination, et il nous fait bien sentir les effets de sa rancune dans les réunions mensuelles ayant lieu à la Moudirieh, où il nous traite d'une manière outrageante. Nous pouvons pourtant dire que dans les autres localités de la Moudirieh, dépendant directement de lui, les impôts arriérés sont considérables; et aucune contrée ne peut être comparée à la nôtre, pour la régularité avec laquelle les contributions sont acquittées.

Cependant cet état de choses ne semble pas être du goût du dit percepteur, qui, prenant à tâche de nous faire rentrer sous son autorité directe, vient, nous assure-t-on, d'adresser à cet effet un projet au Ministère de l'Intérieur et à celui des Finances, aussi bien qu'à l'inspection et à la Commission.

Craignant au plus haut point les suites funestes qui résulteraient de la réalisation du Projet conçu par le percepteur, nous venons supplier votre Excellence de nous épargner ce que nous considérons comme un véritable malheur, et de nous dispenser de faire partie des réunions mensuelles. Si l'administration de la contrée et la perception de nos impôts restent confiées au Mammur d'Ibchaoui, nous nous en trouverons heureux et en bénirons votre Excellence.

Circulaire adressée par Son Excellence Riaz Pacha, Ministre de l'Intérieur, Président du Conseil des Ministres, aux Moudirs des Provinces.

(Traduction.)

Les deux requêtes ci-dessus parvenues à ce Ministère sont adressées, l'une par les Cheiks et Notables de Dafnon, de la Moudirieh de Fayoum, formulant des plaintes contre le percepteur de la Moudirieh, et l'accusant d'avoir employé la force pour assaillir leurs maisons, maltraiter leurs familles et s'emparer de leur bétail, sous prétexte que le paiement des contributions ne se fait pas avec exactitude. La seconde requête est signée par des Cheiks de quelques villages de la même Moudirieh, qui se plaignent également du percepteur en question, et signalent les efforts qu'il tente pour être réintégré dans ses anciens fonctions.

Par suite de ces deux requêtes, ce Ministère a chargé Ahmed Bey Nached de procéder à une enquête sur les lieux. A ce propos, je tiens à rappeler à qui de droit les instructions catégoriques données par son Altesse, par lesquelles elle recommande de ne mettre aucun contribuable dans l'obligation de vendre à vil prix sa récolte, ou d'autres objets, ni de le réduire à la nécessité d'aliéner son terrain, ou de l'hypothéquer, ni de le pousser à emprunter à un taux onéreux. Aussi, afin que de pareils abus de pouvoir ne se reproduisent dans aucune Moudirieh, j'appelle par la présente toute votre attention sur ces faits, afin que le recouvrement se fasse avec douceur et équité, sans léser aucun intérêt, ni porter préjudice aux contribuables. En même temps qu'à vous, ces instructions ont été envoyées aux diverses autorités à qui il importe d'en prendre connaissance, pour s'y conformer à l'avenir.

No. 1367.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 26.)

(No. 559. Political.)

My Lord,

Cairo, October 18, 1879.

ON the morning of the 12th instant, I had the honour to receive your Lordship's telegram No. 66, and I lost no time in informing Riaz Pasha and the Khedive that, as the Controllers-General might yet be detained for some time in consequence of the negotiations with regard to the Commission of Liquidation, your Lordship thought it might be desirable in the meantime to appoint Deputy Controllers.

Riaz Pasha informed me that, before giving an answer, he must submit the question to the Council of Ministers, which was to be held the following day.

Personally, he was well-disposed towards your Lordship's suggestion, and would be glad to have the assistance and advice of Mr. Colvin, of whom he had formed a high opinion.

The Khedive, although he raised no objection, said that he did not see what advantage would be gained by the appointment, as it would be impossible for the Deputy Controllers to do anything in the short time they would be in office, and he

thought that, if the arrival of the Controllers-General were not to be delayed for more than a month, it would be as well to wait.

On the 14th instant, Moustapha Pasha Fehmy informed me that it had been decided at the Cabinet Council to agree to your Lordship's suggestion and to accept Mr. Colvin as Deputy Controller-General.

His Excellency added that he believed M. Monge had received no instructions on the subject, but that he supposed that it would be necessary to appoint a French Deputy Controller-General also.

M. Monge subsequently informed me that he had telegraphed to M. Waddington to suggest the appointment of M. Bellaigue de Boughaz, the French member of the Commission of the Public Debt, as Acting Controller-General, and I, consequently, addressed to your Lordship my telegram No. 145 of the 14th instant, in which I suggested that, on the receipt of the draft Decree defining the attributions of the Controllers-General, I should apply to Riaz Pasha for its immediate promulgation, and at the same time request his Excellency to cause another Decree to be issued appointing the Deputy Controllers.

I perceive, however, from your Lordship's despatch No. 271 of the 10th instant, that I am to take no action in the matter until I shall have received further instructions from your Lordship.

M. Monge informed me yesterday that he had received a telegram from M. Waddington stating that, as it was likely that the Controllers-General would shortly be able to take possession of their posts, the appointment of Deputy Controllers was not necessary.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1368.

Mr. Egerton to the Marquis of Salisbury.—(Received October 26.)

(No. 168.)

(Telegraphic.)

Vienna, October 25, 1879.

I ASKED Calice to-day to tell Austrian Ambassador [? Minister for Foreign Affairs] that French Ambassador and I propose to call on him to learn answer of Austrian Government respecting Liquidation Decree on Monday. Calice's language makes me think that Austria will refuse to touch question of Liquidation Commission before question of inscriptions is settled in their sense.

Although it may be necessary to yield to them eventually on this point, they should, so Mr. Baring and I think, make some statement as to their views with respect to liquidation project.

I told Calice, in friendly negotiations mutual concessions were generally necessary, and a question, however important it may be held by one party, could be reserved without prejudice in order that all mutual divergences should be known.

I told him, incidentally and privately, that unless a Commission of Liquidation could be arranged, England and France might have to withdraw from Mixed Tribunals.

It seems doubtful, even if we yield on the inscriptions, whether they will adopt our views as to Commission without insisting on International Commission of Control.

Will your Lordship inform me by Monday whether, if Austrian Minister for Foreign Affairs answers as I fear he may, I can reply that, before stating our opinions on the inscriptions, we trust Austrian Government would say whether, in the event of that point being settled in their sense, they will accept Liquidation Decree and joint note?

No. 1369.

The Marquis of Salisbury to Mr. Egerton.

(No. 149.)

(Telegraphic.)

Foreign Office, October 26, 1879, 11 P.M.

YOURS No. 168. Yes, you may go as far as you propose, but you must not go farther; for we have already accepted at Cairo the view that the pre-hypothecated creditors shall not be ousted by the proposed Rothschild Decree of any legal rights they now possess.

It is desirable to obtain as soon as possible the Austrian answer as to liquidation; for

if it cannot be arranged it may be necessary to advise the Khedive, pending a settlement, not to allow execution upon any of the lands pledged to the Rothschild Loan.

No. 1370.

The Marquis of Salisbury to Mr. Egerton.

(No. 675.)

Sir,

Foreign Office, October 26, 1879.

I HAVE received your telegram No. 168 of yesterday's date, reporting that Baron Calice's language leads you to think that the Austro-Hungarian Government will refuse to entertain the Liquidation Project until the question of inscriptions is settled in the manner they propose, and asking whether, if the Minister for Foreign Affairs should answer in that sense, you can reply that before stating the opinions of Her Majesty's Government on the inscriptions they trust that the Austrian Government will say whether, in the event of that point being settled in their sense, they will accept the Liquidation Decree and joint notes.

In reply, I authorize you to answer in the sense you propose, but you must go no further, for Her Majesty's Government have already instructed their Representative at Cairo to accept the view that the pre-hypothecated creditors shall not be deprived, by the proposed Rothschild Decree, of any legal rights they now possess.

It is desirable to obtain, as soon as possible, the answer of the Austro-Hungarian Government with regard to the Liquidation Decree; for if it cannot be arranged without much delay, it may be necessary to advise the Khedive, pending a settlement of the question, not to allow any execution upon any of the lands pledged to the Rothschild Loan.

I am, &c.
(Signed) SALISBURY.

No. 1371.

Sir J. Walsham to the Marquis of Salisbury.—(Received October 27.)

(No. 509.)

My Lord,

Berlin, October 20, 1879.

I YESTERDAY had an opportunity of stating verbally to the Minister for Foreign Affairs that, in the opinion of Her Majesty's Government, and in order to avoid delay, all further negotiations with respect to the Egyptian Finance Decrees in connection with the Rothschild Loan should now be carried on at Vienna.

His Excellency said he did not for a moment suppose that the German Government would have any objection to this proposal, but before giving me a decided answer, he preferred to submit the matter to them, and would let me know their decision immediately.

This morning his Excellency wrote to tell me that there would be no objection on the part of the German Government to the negotiations being carried on at Vienna in conformity with the wishes of Her Majesty's Government, and a representation would therefore be made to the Government of Austria-Hungary in this sense.

I have, &c.
(Signed) JOHN WALSHAM.

No. 1372.

Mr. Egerton to the Marquis of Salisbury.—(Received October 27.)

(No. 169.)

(Telegraphic.)

Vienna, October 27, 1879.

WITH reference to your telegram No. 149, I do not propose to call on Austrian Minister for Foreign Affairs to-day, as he saw French Ambassador yesterday, and from his language it appears almost certain that if we yield on the mortgage question the Austrian Government are determined to adopt a fixed attitude in conjunction with Germany and Italy, and to insist either on the Kremer project of a Commission Controller, or on something analogous to it which would give them a share in the Government of Egypt.

Under these circumstances French Ambassador [several groups wrong] asking [? Austrian Government] for official answer.

No. 1373.

Mr. Adams to the Marquis of Salisbury.—(Received October 27, 1.15 P.M.)

(No. 155.)

(Telegraphic.)

Paris, October 27, 1879, 8 A.M.

M. DESPREZ came to me yesterday evening from M. Waddington, who is still absent. M. Waddington is disposed to make concessions to Austria with regard to 4th Article, which she desires to add to the Rothschild Decree, as stated in Mr. Lascelles' telegram No. 148, on condition of agreeing with your Lordship as to its precise terms.

But M. Waddington is of opinion that in any case Decree defining attributions of Controllers-General ought to be immediately accepted and published by the Viceroy of Egypt, and he suggests whether your Lordship will not telegraph to Mr. Lascelles to press this at once on the Viceroy. French Agent was instructed by post on the 14th to act in concert with English Agent.

No. 1374.

The Marquis of Salisbury to Mr. Lascelles.

(No. 71.)

(Telegraphic.)

Foreign Office, October 27, 1879, 4.50 P.M.

YOUR 149.

You should concert with your French colleague for immediate communication to the Khedive of draft Decree defining attributions of Controllers-General. Press earnestly its acceptance and publication without delay.

No. 1375.

The Marquis of Salisbury to Lord Odo Russell.

(No. 537.)

My Lord,

Foreign Office, October 27, 1879.

I HAVE to state to your Excellency that Baron von den Brincken has informed me that the German Government supported the clause proposed by the Austrian Government to be inserted in the Rothschild Loan Decree, with regard to the claims of the mortgagees prior to the 3rd February, and considered that the matter should be dealt with at Vienna.

I thanked Baron von den Brincken for his communication, and informed him that Her Majesty's Government agreed that the matter should be dealt with at Vienna.

I am, &c.
(Signed) SALISBURY.

No. 1376.

The Marquis of Salisbury to Mr. Lascelles.

(No. 286.)

Sir,

Foreign Office, October 27, 1879.

WITH reference to your telegram No. 149 of the 24th instant, I have to instruct you to concert with your French colleague for communicating to the Khedive immediately the draft Decree defining the attributions of the Controllers-General.

You will impress upon His Highness the importance which Her Majesty's Government attach to its acceptance and publication without delay.

I am, &c.
(Signed) SALISBURY.

No. 1377.

Mr. Egerton to the Marquis of Salisbury.—(Received October 28.)

(No. 660.)

My Lord,

Vienna, October 22, 1879.

WHEN M. de Blignières and Mr. Baring were presented yesterday by the French Ambassador and myself to Baron Haymerle, the language of the Austrian Minister for Foreign Affairs appeared to show that there would be a considerable divergence of views between this Government and that of the Governments of France and Great Britain with regard to the position of the Controllors.

To-day when these gentlemen saw Barons Calice and Schwegel these apprehensions were confirmed by the statement of the two latter, that the plan of M. de Kremer had been accepted by the Governments with which the Austrian Government is acting in regard to the affairs of Egypt, and it was their opinion that the Controllors-General should share their prerogatives with the Commissioners of the Debt, and this would be a condition of the agreement of Austria to the law of Liquidation.

It might, therefore, be advantageous, if the Decree respecting the prerogatives of the Controllors-General has been signed by the Khedive, that I should be authorized to communicate it to the Austrian Government as Article 3 of the Decree, which confines the powers of the Controllors, also orders them to communicate matters affecting the Consolidated Debt to the Commissioners, and also to take part in deliberations with the Commissioners of the Debt on certain questions which it may be considered advantageous by either to treat in common.

Baron Calice and Baron Schwegel also insisted on the full payment of the mortgagees, even after it had been proved to them by the lists in the possession of Messrs. de Blignières and Baring that their payment would absorb all the available funds of the Rothschild Loan, and thus leave nothing for distribution to other creditors.

I am happy to add that the final answer of the Austrian Government is not yet given, and that the discussions will be renewed shortly.

I have, &c.

(Signed) EDWIN H. EGERTON.

No. 1378.

Mr. Egerton to the Marquis of Salisbury.—(Received October 28.)

(No. 664. Confidential.)

My Lord,

Vienna, October 23, 1879.

I CALLED to-day on Baron Calice. He began at once to tell me that he and Baron Schwegel had referred to Baron Haymerle the questions submitted to them yesterday by Messrs. Baring and Blignières, and that he begged me to inform them, by Baron Haymerle's instructions, that the decision of the Austrian Government on the question of the payment of the secured mortgagees was unchanged.

To consent that the claims, secured to those creditors by a judgment of the Tribunals, should be set aside, was to incur a responsibility with regard to its own subjects which the Austrian Government was not prepared to incur.

I said that, as I thought the Controllors-General were under the impression that they were shortly to resume the discussion of Egyptian questions with his Excellency and M. de Schwegel, it seemed to me better that that course should be taken, and that his Excellency could then express the views of his Government.

He willingly consented, and Messrs. Baring and Blignières therefore will go to the Foreign Office to-morrow afternoon, and will present an identic Note embodying the whole case at issue, which Note the Austrian Government will be requested to answer to the French and Her Majesty's Embassies.

As I had received a private and confidential hint in the morning that it was considered here that the mission of the Controllors-General had wholly failed, I ventured to tell Baron Calice of the serious consequences which might result from the action of the Austrian Government in thus opposing with a veto the arguments of the Controllors with respect to the mortgagees. I was aware that, with regard to this question, certain concessions had been made to the Austrian views, but it was not till a few days ago that the very serious consequences had become manifest that might

result from the putting into execution of the Austrian proviso, and consequences that M. Lapenna himself, when I saw him at Vienna, had certainly not contemplated.

I did not touch upon the question of the prerogatives of the Controllors, and I venture to hope that, if the Government refuse to give way on one point, it will, for that very reason, be more yielding on this.

In any case, it does not seem advantageous to allow the matter to be hastily decided by at once accepting a final refusal on the part of the Austrian Government, that is to say, if it be possible to avoid doing so; but if such refusal be made, it would certainly be well that it should be recorded formally and in writing.

I have, &c.

(Signed) EDWIN H. EGERTON.

No. 1379.

Mr. Egerton to the Marquis of Salisbury.—(Received October 28.)

(No. 669. Confidential.)

My Lord,

Vienna, October 25, 1879.

THE Controllors-General had a second interview yesterday with Barons Calice and Schwegel, and presented the inclosed note and its annex, on the subject of the mortgage inscriptions before the 3rd February, 1879.

They found the Austrian Under-Secretaries determined not to give way on this point, and unwilling to discuss any other until it was decided in their sense.

Under these circumstances I went to the French Ambassador with the two Controllors.

After the latter had given details of their yesterday's conversation, I proposed to the French Ambassador that we should go to the Foreign Office, Monday, to receive Baron Haymerle's answer respecting the draft Decree communicated by our Governments.

His Excellency agreed; and when I called on Baron Calice I told him to let the Austrian Minister for Foreign Affairs know the object we had in view.

After talking to him at first on questions rather with respect to the form than the matter of the negotiations, on which misunderstandings had apparently arisen, I said, amongst other things, it seemed unfortunate that the discussion of the question at all should be made dependent on a concession respecting the mortgagees.

In friendly negotiations mutual concessions were usual; if Austria made a *sine qua non* of their view respecting the mortgagees, let them reserve the question, and let us then see what other differences of opinion we may have; the great thing is to arrive, if possible, at some understanding.

In the course of a long conversation I mentioned, privately and incidentally, that if the negotiations unfortunately fell through, France and England might have to withdraw from recognition of Mixed Tribunals.

As the messenger is just going, I cannot now give your Lordship more details of this conversation; but Baron Calice ought certainly to have inferred from my general language that, if Austria made no objections to the proposed draft Decree we might give way about the mortgagees.

I have, &c.

(Signed) EDWIN H. EGERTON.

Inclosure 1 in No. 1379.

Note sur les Attributions de la Commission de Liquidation.

UN Projet de Décret relatif à l'institution en Egypte d'une Commission de Liquidation a été soumis aux Gouvernements Austro-Hongrois, Allemand, et Italien par les Gouvernements de la France et de la Grande Bretagne.

Ce Projet de Décret donne à la Commission qu'il s'agit d'instituer pleins pouvoirs pour liquider la situation financière et notamment pour répartir les ressources disponibles entre tous les créanciers.

Il résulte de la conversation que nous avons eue avec leurs Excellences MM. le Baron de Calice et de Schwegel que le Gouvernement Austro-Hongrois pense qu'on

devrait imposer à la Commission l'obligation de respecter les droits d'un certain nombre de créanciers qui, entre le 26 Octobre, 1878, et le 3 Février, 1879, ont pris hypothèque sur les biens cédés par la famille de Son Altesse le Khédive pour servir de gage à l'Emprunt Rothschild.

Le Gouvernement Austro-Hongrois subordonnerait à la même condition son assentiment au Décret déjà soumis par Son Altesse aux Puissances et par lequel ces biens sont déclarés insaisissables.

Les Contrôleurs-Généraux soussignés croient devoir présenter à ce sujet les observations suivantes.

La Commission Supérieure d'Enquête dans son Rapport en date du 19 Août, 1878, a demandé à Son Altesse le Khédive "d'affecter à la liquidation du déficit toutes les propriétés immobilières des Dairas."

Par Actes du 15, 16, 19, 25 Octobre, 1878, les Princes et Princesses de la famille Khédiviale ont cédé à l'Etat toutes les propriétés immobilières de leurs Dairas, et Son Altesse le Khédive a promulgué à la date du 26 Octobre, 1878, un Décret ainsi conçu :

"Article 1^{er}. Au nom des membres de notre famille nous cédon en toute propriété par les présentes à l'Etat et ce, à perpétuité, tous les biens immeubles leur appartenant.

"Art. 2. Il sera conclu au nom de l'Etat un emprunt pour une somme de 8,000,500^l. valeur nominal.

"Art. 3. Cet emprunt sera garanti par les propriétés cédées par notre famille à l'Etat.

"Art. 5. Notre Conseil des Ministres est autorisé par nous à consentir et constituer par les soins du Ministre des Finances une hypothèque formelle en faveur des contractants de l'emprunt sur tous les biens ainsi cédés."

La cession de ces biens et leur affectation à la garantie de l'emprunt qu'on négociait en ce moment était une condition *sine qua non* de la conclusion de cet emprunt. La nécessité où l'on s'est trouvé pour arriver à la désignation exacte des biens cédés de dépouiller un nombre considérable de titres de propriétés, a fait que l'hypothèque conventionnelle consentie au nom de MM. de Rothschild, contractants de l'emprunt, n'a pu être inscrite avant le 3 Février, 1879; les greffes des Tribunaux ayant refusé d'accepter la désignation sommaire qu'on pouvait seule donner avant cette date.

Dans l'intervalle du 26 Octobre, 1878, au 3 Février, 1879, un certain nombre de créanciers porteurs de jugements ont fait inscrire sur ces mêmes biens des hypothèques judiciaires qui ont été acceptées par les greffes, l'hypothèque judiciaire, qui aux termes du Code Egyptien (Article 682) peut être prise même sur les biens à venir du débiteur, n'impliquant pas la nécessité d'une désignation détaillée.

Saisi de la question de savoir si une hypothèque judiciaire pouvait être valablement prise sur les anciennes propriétés des Dairas, le Tribunal du Caire s'est prononcé dans le sens de la négative, se fondant notamment "sur ce que ces biens ayant été affectés par le Décret du 26 Octobre, 1878, à la garantie de l'Emprunt Rothschild, ils ne pouvaient, quoique appartenant aux domaines privés de l'Etat, recevoir aucun autre emploi." (Jugement du 31 Mars, 1879; Président, M. Hagens.)

La Cour d'Alexandrie a réformé ce jugement et a reconnu la validité des hypothèques dont il s'agit. (Arrêt du 1^{er} Mai, 1879; Président, M. Lapenna.)

Si l'arrêt de la Cour devait, comme le désire le Gouvernement Austro-Hongrois, produire ses pleins effets, voici quelles en seraient les conséquences.

Le créancier qui a obtenu l'arrêt précité de la Cour d'Alexandrie poursuit actuellement la vente par expropriation des immeubles qui sont grevés de son hypothèque. Il en sera de même pour tous les autres créanciers ayant des hypothèques inscrites dans les mêmes conditions. Ces créanciers sont au nombre de cinquante-trois, et la somme à laquelle s'élève leurs créances et de 1,140,000^l. (voir l'état ci-joint).

Il ne faut pas perdre de vue que ces créances portent intérêt à raison de 12 pour cent par an, et que l'inscription garantit de plein droit deux années d'intérêts outre le capital. Il convient donc d'ajouter au capital des créances une somme approximative de 260,000^l, ce qui donne un total de 1,400,000^l. de créances garanties par hypothèque.

D'autre part, les arriérés de traitements s'élevaient au 31 Décembre, 1877, à 800,000^l, et nous avons tout lieu de croire que ces arriérés se sont considérablement augmentés dans le cours des années 1878 et 1879.

Sur les premiers fonds provenant de la vente des immeubles, on devra prélever tout au moins la fraction de cette somme qui représente six mois de traitements, car

les créances de cette nature sont privilégiées sur tous les meubles et immeubles aux termes de l'Article 757, 2^d. du Code Egyptien.

Il nous est impossible de fixer exactement le chiffre de ces créances privilégiées, mais nous ne croyons pas qu'on puisse l'évaluer à un chiffre inférieur à 500,000^l.

Il faudra donc procéder à des ventes successives d'immeubles jusqu'à concurrence de 1,900,000^l.

Mais, étant données la situation financière de l'Egypte, et la mise en vente presque simultanée d'une quantité aussi considérable d'immeubles, il est hors de doute que ces immeubles subiront une énorme dépréciation.

D'autre part, MM. de Rothschild prétendront non sans raison être en droit de retenir sur le montant de l'emprunt une somme égale, non pas au prix de vente mais bien à la valeur réelle dans des conditions normales des immeubles retirés de leur gage.

Or, la somme actuellement disponible sur l'Emprunt Rothschild, seule ressource que le Gouvernement puisse affecter à la liquidation de la Dette Non-Consolidée, n'est que de 3,200,000^l, et se trouve par conséquent notablement inférieure à la somme que MM. de Rothschild seront en droit de retenir sur le montant de l'emprunt.

Il ne restera donc rien à distribuer aux autres créanciers et la différence entre le prix de vente des immeubles et la somme retenue sur le montant de l'emprunt sera perdue pour la masse des créanciers.

En résumé, les conséquences de l'arrêt de la Cour d'Alexandrie seront :—

1. Que sur le montant de la Dette Non-Consolidée (environ 7,000,000^l.) 1,400,000^l. seront payées à cinquante-trois créanciers Européens, qui seront intégralement remboursés du capital de leurs créances et des intérêts à 12 pour cent jusqu'au jour du paiement.

2. Qu'un très-grand nombre de créanciers porteurs de créances pour une somme de 5,100,000^l. environ, dont une partie est reconnue par jugement, ne recevront rien en argent comptant; parmi ces créanciers se trouvent tous les indigènes qui, ne pouvant s'adresser aux Tribunaux de la Reforme, n'ont pu prendre hypothèque judiciaire.

3. Qu'une somme considérable sera perdue pour la masse des créanciers, par suite de la vente à vil prix des immeubles.

Leurs Excellences MM. le Baron de Calice et de Schwegel nous ont suggéré une autre combinaison qui consisterait à demander à MM. de Rothschild une nouvelle avance à l'aide de laquelle on désintéresserait les créanciers hypothécaires dans la limite de leurs droits. Cette avance devrait sans doute permettre également de désintéresser les créanciers privilégiés.

Cette combinaison soulève suivant nous de très-graves objections. En effet elle implique :—

1. Que la validité de chaque inscription soit préalablement reconnue par les Tribunaux, car chaque paiement devant être fait avec les fonds destinés à la masse des créanciers, le Gouvernement Egyptien ne peut prendre la responsabilité de reconnaître en bloc la validité de toutes les inscriptions.

2. Qu'il devra être procédé à l'expertise d'un grand nombre des immeubles hypothéqués. Certains de ces immeubles sont en effet grevés d'inscriptions pour une somme supérieure à leur valeur, et il ne peut venir à la pensée de personne de faire à un créancier quelconque une situation meilleure que celle qui résulte du rang qu'occupe son hypothèque.

Or, tout expertise présente en Egypte des difficultés particulières. Il ne serait pas aisé, en l'absence de tout cadastre et de bornage, de reconnaître les immeubles ruraux à expertiser.

Ce ne serait pas non plus sans difficulté qu'on trouverait un nombre suffisant d'experts capables et intègres.

En tout cas ces instances et ces expertises entraîneraient d'interminables délais.

Il est enfin à observer que les créanciers hypothécaires obtenant ainsi plus que ce à quoi ils peuvent légalement prétendre, puisque leurs droits tels qu'ils résultent de l'arrêt de la Cour se bornent à faire vendre les immeubles et que ces ventes se feraient à vil prix, le grand Syndicat de Paris élèverait certainement contre cette combinaison des réclamations très-fondées.

Il est nécessaire d'entrer à ce sujet dans quelques explications.

Le Grand Syndicat se trouvait au mois de Novembre dernier créancier gagiste du Gouvernement Egyptien pour une somme de 4,400,000^l. Cette créance qui était loin d'être couverte par la valeur des gages était exigible.

Si le Grand Syndicat usait de ses droits il pouvait alors obtenir un jugement qui

lui eût permis de prendre hypothèque, et faire vendre à son profit les titres de rentes qu'il détenait en gage. Il restait créancier du Gouvernement Egyptien pour la différence entre le montant de sa créance et le prix de vente des gages. Il est impossible d'évaluer cette différence, car la vente des 4,600,000^e de titres détenus comme gage eût été à vrai dire impossible.

MM. de Rothschild mirent pour condition à la conclusion de l'emprunt que le Grand Syndicat s'engagerait à reporter l'exigibilité de sa créance et immobiliserait les titres de la Dette Unifiée qu'ils détenaient.

Le Grand Syndicat consentit aux nouveaux sacrifices que lui demandaient le Gouvernement Egyptien, mais le Gouvernement s'engagea par contrat à le traiter comme le créancier le plus favorisé.

Cet engagement est conçu en ces termes :—

“Tout paiement qui serait effectué par le Gouvernement à un de ses créanciers à un titre quelconque, impliquera *ipso facto* l'obligation pour le Gouvernement de verser aux mains du Syndicat une somme proportionnelle.”

Il serait contraire à toute idée d'équité de méconnaître aujourd'hui un engagement qui seul a permis de contracter l'emprunt, et d'exclure le Grand Syndicat de la répartition des fonds de cet emprunt par cette raison que, n'ayant pas de jugement, il n'a pu prendre d'hypothèque judiciaire. Alors que si des fonds peuvent être mis à la disposition des créanciers hypothécaires c'est précisément parce que le Grand Syndicat a renoncé au droit qu'il avait de prendre un jugement.

Tous ces prélèvements absorberaient certainement les fonds disponibles de l'Emprunt Rothschild et mettraient le Gouvernement Egyptien dans l'impossibilité de distribuer aucune somme en numéraire à tous les autres créanciers de la Dette Non-Consolidée.

Les Contrôleurs-Généraux croient de leur devoir d'exprimer leur opinion commune au sujet d'une décision qui aurait pour conséquence d'affecter une partie considérable si non la totalité des fonds provenant d'un emprunt contracté pour liquider toute la Dette Non-Consolidée, à payer en capital et en intérêts calculés à raison de 12 pour cent, une seule catégorie de créanciers.

Ils estiment qu'au moment où apparaîtront les conséquences pratiques de cette décision elles soulèvera de très-nombreuses et très-légitimes réclamations. Ils demandent instamment que la Commission de Liquidation reste libre de procéder à la répartition la plus équitable des ressources entre tous les ayant-droits.

Ils persistent dans l'opinion exprimée à l'unanimité par la Commission d'Enquête sur la proposition du Commissaire Austro-Hongrois. Ils pensent toujours avec leur collègue, que la liquidation de la Dette Egyptienne doit s'opérer comme s'opérerait la liquidation d'un débiteur failli, que la cessation des paiements remonte au 6 Avril, 1876, jour où par un Décret le Khédive a suspendu l'exécution de ses engagements financiers, et que les hypothèques prises depuis cette date peuvent être déclarées nulles par assimilation avec les dispositions de l'Article 239 du Code de Commerce.

“On ne peut soutenir,” disait la Commission d'Enquête, “que cette partie des créanciers qui, pour s'assurer un traitement plus favorable, n'a reculé devant aucune mesure légalement admissible, toute préjudiciable qu'elle fût aux autres créanciers et à l'Etat, devrait être payée intégralement, et cela au détriment des autres créanciers dont les droits ne sont pas moins incontestables.”

Telle est encore l'appréciation des Contrôleurs-Généraux, et si la liberté des décisions de la Commission de Liquidation devait être, à ce point de vue, entravée, ils ne pourraient que décliner toute responsabilité au sujet d'une mesure qui prolongerait et aggraverait une crise financière funeste aux intérêts généraux qu'ils ont mission de défendre.

(Signé) E. DE BLIGNIÈRES.
E. BARING.

Vienne, le 24 Octobre, 1879.

Inclosure 2 in No. 1379.

ÉTAT des Inscriptions Hypothécaires prises avant le 3 Février, 1879, sur les biens cédés pour servir de gage à l'Emprunt Rothschild.

1. HYPOTHÈQUES GÉNÉRALES.

	P. T.		P. T.
Colfavre	632,421	Nicoulloud	683,670
Brocard	6,695,037	Maripetti	308,365
Helles et Goldschmidt	5,345,618	Maurino	15,000
Jullien	593,023	Menasce	3,575,000
Lepori	3,257,962		
Voivodich	500,000	Total	21,606,096

2. HYPOTHÈQUES PORTANT SUR LES IMMEUBLES DU CAIRE SEULEMENT.

	P. T.
Heller et Goldschmidt	843,384
Menager	2,794,672
Total	3,638,056

3. HYPOTHÈQUES PORTANT SUR LES IMMEUBLES D'ALEXANDRIE SEULEMENT.

	P. T.		P. T.
Turin	2,380,000	Comte Zizinier	444,015
Stagni	133,189	Spatari	21,000
Ghisi	863,250	Ninco	13,000
Charmoud	3,760,000	Viterbo	205,000
Marietti	400,000	Dollinger	146,000
Gonthier	4,411,700	Demetrio	493,880
Caprara, Mondolfo et Cie.	240,000	Dufeu	1,379,900
Racine	647,400		
La Comtesse Zizinier	3,780,350	Total	19,318,684

4. HYPOTHÈQUES PORTANT SUR LES IMMEUBLES DU CAIRE ET PROPRIÉTÉ RURALE.

	P. T.
Worms	6,146,844
Ismaïlum	6,360,340
Sircoli	268,680
Discow	3,792,771
Rüschbaum	1,181,702
Zintzöb	1,382,257
Total	18,808,594

5. HYPOTHÈQUES PORTANT SUR LES IMMEUBLES D'ALEXANDRIE ET PROPRIÉTÉ RURALE.

	P. T.		P. T.
Simhow	320,000	Koblet	99,166
Erlanger	5,870,000	Leonard	253,000
Caprara	1,754,000	Aidé	122,850
Mondolfo	1,375,000	Royle	118,500
Banque d'Egypte	18,360,000	Streels	43,204
Verhulst	48,419	Debourg	5,001,121
Achikian	1,875,281		
Seffer	44,173	Total	35,284,714

6. NOUVELLE CATÉGORIE. PROPRIÉTÉS RURALES SEULEMENT.

	P. T.
Zaja	38,392
Lucca	1,691,926
Banque Austro-Egyptienne	2,243,737
Poujnet	244,750
Achillopoula	2,760,103
Mossari	5,500,000
Sapril	60,000
Total	12,538,908

RÉSUMÉ.

	P. T.
1. Hypothèque Générale	21,606,096
2. Immeubles du Caire seulement	3,638,056
3. „ d'Alexandrie	19,318,684
4. „ du Caire et Propriété Rurale	18,808,594
5. „ d'Alexandrie	35,284,714
6. Propriété Rurale seulement	12,538,908
Totale générale	111,195,052

Soit, £ 1,140,463.

Note.—La plupart de ces inscriptions comprennent le capital des créances mais non les intérêts.

Mr. Adams to the Marquis of Salisbury.—(Received October 28.)

(No. 1070.)

My Lord,

Paris, October 27, 1879.

M. DESPREZ came to see me yesterday evening by direction of M. Waddington, who is still absent from Paris, and showed me several telegrams from the French Ambassador at Vienna respecting Egyptian affairs. One was similar to Mr. Egerton's telegram No. 163 of the 23rd instant to your Lordship.

M. Desprez referred to the suggestion by the Austrian Agent at Cairo, that a fourth Article should be added to the Rothschild Decree, stating that it should only take effect on reservation of full exercise of the rights which creditors who held inscriptions prior to the 2nd and 3rd February had acquired.

This suggestion is contained in Mr. Lascelles' telegram No. 148 of the 23rd instant to your Lordship, and M. Desprez told me that M. Waddington was disposed to make a concession to Austria in this matter, after he had agreed with your Lordship as to the precise terms of the Article.

But M. Waddington was of opinion, as M. Desprez informed me, that, in any case, the Decree which defines the attributions of the Controllers-General ought to be accepted and published by the Khedive forthwith; and his Excellency therefore suggests to your Lordship whether you will not instruct Mr. Lascelles, by telegraph, to press upon His Highness the acceptance and publication of this Decree at once.

M. Desprez added that M. Monge had already been instructed by post, on the 14th instant, to act in concert with Mr. Lascelles in the matter of the Decree defining the attributions of the Controllers-General.

I have, &c.
(Signed) F. O. ADAMS.

No. 1381.

Mr. Egerton to the Marquis of Salisbury.—(Received October 28.)

(No. 170.)

(Telegraphic.)

Vienna, October 27, 1879.

I HAD a long private conversation with Baron Schewegel, who is best acquainted with [?] of Austrian Foreign Office with Egyptian question. Explains that Commission of Control, or more properly of Examination, mentioned in Kremer's memorandum does not supersede Controllers-General, whose functions will be more extended.

Suggests third Controller-General to be appointed "à tour de rôle," but to judge by his language would probably give way in this pretension.

Controllers-General will, he says, be invited to confer at the Foreign Office to-morrow, and his Excellency seems to be very anxious for negotiations to continue, reserving question of mortgages, and assures me that Austria has not taken a fixed stand on the Kremer memorandum.

After informing Controllers-General of this conversation, they are both anxious to be allowed discretion to show, unofficially, Decree fixing their duties.

No. 1382.

The Marquis of Salisbury to Mr. Egerton.

(No. 153.)

(Telegraphic.)

Foreign Office, October 28, 1879.

YOURS No. 170.

WE have pressed the Khedive to issue new Controllers' Decree. I am a little apprehensive of the effects of calling Austria's attention to it before it is sanctioned. They might try to upset it.

The Marquis of Salisbury to Mr. Egerton.

(No. 154.)

(Telegraphic.)

Foreign Office, October 28, 1879.

THERE is considerable danger in using the question of the inscriptions as a lever for obtaining Austria's assent to the Liquidation Decree, because it is not a question on which we could ultimately stand out.

It does not concern the welfare of Egypt or the interests of England, but only the proportion in which certain unsecured creditors shall share in the proceeds of the Rothschild Loan. This is a question which interests England in the smallest possible degree, and if the negotiations were to break off upon it we should be in a very absurd position, especially as Austria is superficially in the right. I think it is wiser to settle the Rothschild question with all practicable speed, and if Austria intends to be troublesome we should come to an issue on the main question of liquidation.

No. 1384.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 28, 5 P.M.)

(No. 150.)

(Telegraphic.)

Cairo, October 28, 1879, 4.43 P.M.

WITH reference to your telegram No. 71, M. Monge and I communicated to the Khedive this afternoon the draft Decree defining the attributions of the Controllers-General, and requested him to take it into consideration with a view to its immediate promulgation. His Highness said he would consult Riaz Pasha on the subject.

No. 1385.

The Marquis of Salisbury to Mr. Adams.

(No. 183.)

(Telegraphic.)

Foreign Office, October 28, 1879, 5 P.M.

I TOLD French Ambassador that at Vienna the Government seemed disposed to contend for some form of International Control in Egypt; that we had instructed Her Majesty's Representative that such an idea would not, under any circumstances, be entertained, and that I hoped French Government would give similar instructions.

No. 1386.

The Marquis of Salisbury to Mr. Egerton.

(No. 678.)

Sir,

Foreign Office, October 28, 1879.

WITH reference to your telegram No. 170 of yesterday's date, giving the substance of a conversation which you had had with Baron Schwegel on the Egyptian Finance question, and stating that the Controllers-General had expressed their anxious desire to be allowed discretion to show, unofficially, to the Austrian negotiators the new Decree defining the attributions of the Controllers, I have to inform you that the Khedive has been urged to issue, without delay, the Decree in question, and that I should not wish the attention of the Austrian Government to be called to it before it is sanctioned lest they should attempt to defeat it.

I am, &c.
(Signed) SALISBURY.

No. 1387.

The Marquis of Salisbury to Mr. Egerton.

(No. 680.)

Sir,

Foreign Office October 28, 1879.

I HAVE to point out to you that there is considerable danger in allowing the question of the inscriptions to be put too prominently forward in order to induce

Austria to give her assent to the Liquidation Decree, for it is one on which Her Majesty's Government might ultimately have to yield. Neither the welfare of Egypt nor the interests of England are concerned, but only the proportion in which certain unsecured creditors shall share in the proceeds of the Rothschild Loan. If, then, the negotiations were to break off upon a point in which England is interested in the smallest possible degree, Her Majesty's Government would find themselves in a false position, and the more so as Austria is *primâ facie* in the right. I think the wiser course to take would be, to settle the question of the Rothschild Loan with as little delay as possible, and, in case of difficulties being raised by the Austrian Government on other matters, to come to an issue on the main question of liquidation.

I am, &c.
(Signed) SALISBURY.

No. 1388.

The Marquis of Salisbury to Mr. Adams.

(No. 1289.)

Sir,

Foreign Office, October 28, 1879.

AT an interview which I had with the French Ambassador I told his Excellency that in the negotiations now in progress at Vienna the Austrian Government appeared to be disposed to contend for some form of International Control in Egypt; that Her Majesty's Government had, however, instructed Her Majesty's Chargé d'Affaires that such an idea could not be entertained under any circumstances. I added that I entertained a hope that similar instructions would be given by the French Government.

I am, &c.
(Signed) SALISBURY.

No. 1389.

Mr. Adams to the Marquis of Salisbury.—(Received October 29.)

(No. 1075.)

My Lord,

Paris, October 28, 1879.

WITH reference to my despatch No. 1069 of yesterday, I have informed M. Desprez, according to your Lordship's telegram No. 180 of 5 P.M. of that day, that you have instructed Mr. Lascelles to concert with M. Monge for the immediate communication to the Viceroy of Egypt of the draft Decree defining the attributions of the two Controllers-General, and to press earnestly for its acceptance and publication forthwith.

I have, &c.
(Signed) F. O. ADAMS.

No. 1390.

Mr. Adams to the Marquis of Salisbury.—(Received October 29.)

(No. 1076. Confidential.)

My Lord,

Paris, October 28, 1879.

M. DESPREZ has informed me confidentially that M. Waddington has caused a telegram to be sent to the French Ambassador at Vienna stating, for his own information only, that, with regard to the Control in Egypt, the French Government wish to continue to keep it entirely in the hands of England and France, and that they desire that the Decree defining the attributions of the Controllers-General should be published without delay; also that (as I have already reported to your Lordship), with regard to the Additional Article to the Rothschild Decree proposed by the Austrian Government, M. Waddington would not be averse to making some concession to Austria, provided always that the English and French Governments are previously agreed upon the exact text of the Article.

M. Desprez told me that M. Waddington, who was in Paris yesterday afternoon

merely to attend the Council of Ministers, will return to-morrow evening, and I begged that I might be enabled to see his Excellency on Thursday.

I have, &c.
(Signed) F. O. ADAMS.

No. 1391.

Mr. Egerton to the Marquis of Salisbury.—(Received October 29.)

(No. 172.)

(Telegraphic.)

Vienna, October 28, 1879.

OWING to mistake in the message sent to them, Controllers had no conference to-day.

I gave both Austrian Minister for Foreign Affairs and German Ambassador to understand that it would be useless to suggest new Controller-General, or anything which might bring a political element of discord in internal affairs of Egypt.

No. 1392.

Mr. Egerton to the Marquis of Salisbury.—(Received October 29.)

(No. 173.)

(Telegraphic.)

Vienna, October 29, 1879.

WITH reference to your Lordship's telegram No. 154, in my language to Austrian Minister for Foreign Affairs, German Ambassador, and Schwegel, I have never allowed question of inscriptions to appear a main question, or one on which issue of the negotiation depends. It is incorrect also if Austria say that Controllers made *sine quâ non* of their view with respect to them.

No. 1393.

Mr. Adams to the Marquis of Salisbury.—(Received October 29, 1:30 P.M.)

(No. 156.)

(Telegraphic.)

Paris, October 29, 1879, 11:50 A.M.

WITH reference to your telegram No. 183 of yesterday, French Government gave similar instructions to French Ambassador at Vienna on Monday, and said that they could make no concession tending to establish an International Control in Egypt.

No. 1394.

Count Károlyi to the Marquis of Salisbury.—(Received October 30.)

(Private and Confidential.)

Dear Lord Salisbury,

Belgrave Square, October 30, 1879.

I AM sorry I must trouble you again personally with the Egyptian finance question. I was really in hopes that this complicated and tedious affair would be definitively settled in Vienna, but our various objections to the propositions of Mr. Baring and M. de Blignières seem to make this further communication necessary.

I therefore beg, with reference to my letter of the 27th instant, to transmit to you a further despatch from my Government concerning this subject.

According to this despatch, my Government maintain, in accord with Germany and Italy, the demand that the hypothecated rights of the creditors inscribed before the 2nd February last should remain uninjured.

We further, in accord with a proposition of the German Government, desire an alteration of the first part of Article 3 of the Rothschild Decree.

Finally, my Government cannot consent to the expected effect of the Rothschild Decree being prejudiced by dispositions concerning the establishment of an International Committee of Supervision.

I am desired to state, at the same time, that my Government are in this, as in all

other questions, guided by the political considerations of our friendly relations to England, but believe to have a right to expect that Her Majesty's Government will draw into consideration the necessity of our maintaining our legal point of view, which is universally recognized.

I request you to be so good as to return, with an early, and, I trust, also favourable answer, the despatch and its annexes here inclosed.

Believe me, &c.
(Signed) KÁROLYI.

Inclosure in No. 1394.

Baron d'Haymerle to Count Károlyi.

(Translation.)

M. le Comte,

Vienna, October 27, 1879.

A FEW days ago Messrs. Blignières and Baring were introduced at the Foreign Office by the French Ambassador and the British Chargé d'Affaires, the two former gentlemen having been chosen to undertake the functions of Comptrollers-General of the Egyptian finances, on the principles, we presume, of the provisions of the Viceregal Decree of the 18th November, 1876.

They submitted to us the draft of a Viceregal Decree for the institution of a Liquidation Commission, as well as the Project of a Convention on this subject to be concluded between Germany, France, Great Britain, Italy, and Austria-Hungary.

Copies of both drafts are annexed for your Excellency's information.

According to these proposals the projected Liquidation Commission is to undertake the task of preparing a Draft Law, by which, in conjunction with the Report of the Inquiry Commission, an adjustment is to be effected between the Egyptian Government on the one hand and the State creditors on the other, upon all points, including the conditions for the settlement of the floating debt. The foreign Powers would have to recognize from the outset, by the Convention that is to be concluded, the resolutions adopted by this Commission as definitive and binding. Thus these resolutions are to be vested with compulsory force of law for the International Reform Courts as well.

We are disposed to enter upon the examination of these motions with the readiness which we exhibit in all questions mooted by the two Western Powers by far the most interested.

In receiving the propositions delivered by Messrs. Blignières and Baring, the question was necessarily forced upon us how the projected Decree stood in regard to that one which relates to the *insaisissabilité* of the immovables pledged for the so-called Rothschild Loan, and in reference to which there have been *pourparlers* for months between the Powers concerned.

Recapitulating what is already known, special notice should be taken of Article 2 of the last-mentioned Decree, wherein the "radiation des inscriptions hypothécaires antérieures à la date du 2 et 3 Février dernier" is spoken of.

We adhere in reference to the interpretation of this passage to the notion, shared with us by Germany and Italy, that the creditors who acquired a pledge-right before the 2nd and 3rd February cannot suffer any infringement of the hypothecary rights acquired by them. The claims of this class of creditors, the number of whom, according to the data before us, amounts to fifty-three, represent, as stated, a capital of 1,140,463*l.* sterling.

To our inquiry of Messrs. Blignières and Baring, they answered that, in their opinion, no favour to this class of claimants could be thought of, but that all creditors, without regard to whether they can appeal to a pledge-right or not, must be treated on exactly the same footing. So that if any change should be necessary in the modes of payment for the creditors not covered by a pledge-right, such as the settlement of part of the amount of their claims in cash and the rest in obligations, then, according to the notion of the aforesaid two gentlemen, the same modes would have to be applied without exception for the satisfaction of the hypothecary claims brought forward as well.

In support of their views Messrs. Blignières and Baring have communicated to us a memorandum expressing their scruples; of this a copy is likewise annexed for your Excellency's information. The statements of this document lead to the conclusion that the arrangement of the Egyptian financial affairs, so earnestly desired by every one, would be impossible if the position recommended by us in concurrence with

Germany and Italy were to be conceded to the creditors possessing a pledge-right from the time before the 2nd and 3rd February.

Without entering here into a discussion of the arguments adduced, and without undervaluing the points of view taken, we restrict ourselves to the remark that in the statement given we miss the confirmation of the legal possibility which would allow us to coincide with its conclusions.

Whilst we were treating with Messrs. Blignières and Baring, news reached us from Cairo respecting the course of the negotiations which had been going on between the Representatives of the foreign Powers with a view to a concurrent interpretation of the aforesaid provision respecting the "radiation" of the pledge-right.

Supported by our universally acknowledged legal position, we had authorized the Consul-General von Schaeffer to consent to the Rothschild Decree only on condition that the interpretation corresponding with that legal position appeared from the outset fully secured, whether this construction were to be defined by a Protocol to be signed by the Representatives of the Powers, or that the Egyptian Government should give formal expression to our interpretation by an addition to the Circular note which it intended to address to the Powers in regard to the Decree concerning the Rothschild Loan.

Neither of these eventualities, however, has occurred, as we learn from a telegraphic notice from our Representative at Cairo, inasmuch as, on the one hand, the Protocol proposed by him has not been signed in consequence of the refusal of the English Representative, and on the other hand, the Egyptian Government too has retracted the already promised admission of the declaration into the Circular note.

Under these circumstances, Herr von Schaeffer declared to the Viceregal Government that, according to his instructions, he could not consent to the Decree unless there were added to it in its present form, which your Excellency has seen, a fourth Article to run as follows:—

"Le présent Décret ne produira son effet que sous la réserve du plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement aux 2 et 3 Février, 1879, dates des inscriptions par MM. de Rothschild."

Such a stipulation has been already proposed by the Royal German Representative when the Khedival Decree respecting the *insaisissabilité* of the immovables pledged for the Rothschild Loan first came into question; Herr von Schaeffer thought it right to revert to this because it completely covers the claim we have brought forward.

We approve the position taken by our Representative, and with reference to the interests of Austro-Hungarian subjects involved, we stand upon the point, in concurrence with the view of the German and Italian Government, to adhere unconditionally to the claim that the exercise and realization of the pledge-right acquired before the 2nd and 3rd February must be reserved to the respective legal claimants without infringement.

These views we have unreservedly represented to Messrs. Blignières and Baring, and have accordingly most earnestly recommended to them the adoption of the proposed Article 4.

Moreover, on the German side it has been proposed in reference to the Rothschild Decree to alter the preamble to Article 3 in this wise:—

"Pour donner une garantie que le solde disponible de l'Emprunt Domianial sera entièrement et exclusivement employé au règlement de la dette flottante Egyptienne."

We have accepted the German motion, and have only to add that Messrs. Blignières and Baring raise no objection against it; they only propose that instead of the expression "dette flottante Egyptienne" the words "dette non-consolidée Egyptienne" be used.

With regard to the proposals made by Messrs. Blignières and Baring in reference to the institution of an International Supervising Commission, the solution of this question seems to stand in connection with the decision that shall be arrived at on the amendment to the Khedival Decree relating to the Rothschild Loan. We could not consent that the effect expected from this Decree in application to the pledge creditors should be annulled by stipulations respecting the institution of the Liquidation Commission, which stipulations might perhaps extend to a complete invalidation of the acquired pledge-rights by equalization of all claims of the floating debt.

But before we enter upon the discussion of the details of the motions before us, we must lay stress upon a knowledge of the judgment formed by the English Govern-

ment on the ideas, which, as your Excellency knows, are set forth in the exposé from the pen of our member of the Egyptian State Debt Commission, Councillor von Kremer.

England has hitherto refrained from a definite utterance of opinion regarding this exposé, and restricted herself merely to quite general intimations, whilst Italy and Germany have declared their concurrence in the points of view developed therein.

In this exposé we have mooted the question of the creation of an International Liquidation and Control Commission.

In our opinion, this solution, even under the present circumstances, is the most suitable to meet all difficulties in the settlement of the Egyptian finance questions. By the institution of a Liquidation Commission only, it appears to us that the requirements felt for a comprehensive regulation of the Egyptian affairs with the management of all guarantees are merely provided for on one side. The attainment of the whole object aimed at does not appear to us possible by the creation of this international authority, unless it be at the same time invested with an influence, moving within the limits of the control, upon the application of the incoming monies according to the principles to be agreed upon, for just herein lies the security for the proper consideration of all creditors.

We cannot but think, therefore, that the points of view developed in that exposé deserve even now a closer discussion, and we have expressed ourselves to this effect to Messrs. Blignières and Baring.

We have still a few more observations to add to these considerations:—

We are quite ready to take into account, as far as possible, the wishes of the two Western Powers, whose interests are involved here to far greater extent than ours, in the questions connected with the arrangement of the Egyptian finance affairs, and in all questions wherein the rights of our subjects are not infringed.

We acknowledge that England and France have a right to claim the first part in the decision of these questions, and we are inclined even to impose on ourselves the restriction only to take part in the arrangement of this affair to the extent that the protection of the interests of our subjects more immediately concerned, that is, in the floating debt, requires.

If we raise objections against the exclusion of the controlling action from the functions of the International Commission that is to be created—for this there is, besides the material grounds already intimated, the influential circumstance that our scruples are shared by other Powers, and that we regard the institution of the International Liquidation and Control Commission as also an essential facilitation of the labour of the General Controllers themselves; experience hitherto has confirmed this notion, for we think that the former Viceroy would not have been incited to such steps as he took last spring in dismissing the European Ministers if such an international organ had already existed then.

We think that full justice has been done in reference to the claims of the two Western Powers to a special position in this affair by the corresponding composition of this Commission and the motions founded on Councillor von Kremer's exposé. We regard these motions, however, as by no means incapable of amendment in one respect or another, and are quite ready to meet the wishes of the English and French Governments in this direction as far as possible, for nothing is farther from us than a wish to set ourselves in fundamental opposition to the views of these two Governments.

Whilst I do myself the honour of requesting your Excellency to enforce these views to the Government to which you are accredited in the manner that may appear to you most fitting, I renew, &c.

(Signed) HAYMERLE.

No. 1395.

The Marquis of Salisbury to Mr. Egerton.

(No. 158.)
(Telegraphic.)

Foreign Office, October 30, 1879, 11.50 P.M.

ROTHSCHILDs urge that delay respecting Loan Decree is becoming very serious. You should get the Decree proceeded with at once, and ask the Austrian Government to propose without delay the form of words they wish inserted in the Decree.

Telegraph them as soon as you can.

No. 1396.

The Marquis of Salisbury to Mr. Egerton.

(No. 683.)

Sir,

Foreign Office, October 30, 1879.

THE Austro-Hungarian Ambassador informed me on the 27th instant that he had learnt from Vienna that Messrs. Baring and De Blignières had communicated to his Government their ideas about the Egyptian financial question.

One of their proposals was to submit the hypothecated rights of all creditors, whether inscribed before or after the 2nd and 3rd February last, to the final decision of an International Commission.

The proposal had very much surprised Austria, for it seemed not only contrary to the agreement which had been understood to exist between the Austro-Hungarian Government, that of Her Majesty, and the other Governments concerned, but was also, they considered, contrary to the general ideas of right and justice.

The Austrian Government had already declared that they were quite prepared to make a concession in respect of the claims inscribed after the above date, but they could never sanction a measure such as that put forward by Messrs. Baring and De Blignières, and which they looked upon as quite illegal. These two gentlemen had, however, insisted on this point in a manner which they found difficulty in understanding, thereby tending to place the Austro-Hungarian Government in the very painful position of declining to meet the alleged wishes of Governments with whom they are on such friendly terms.

He was, therefore, instructed to appeal to my sense of equity, and to ask me to advise Messrs. Baring and De Blignières to accept the only solution of the question of the hypothecations to which the Austrian Government would be able to assent. The question was most urgent, as the Decree of the Egyptian Government had already been submitted for the approval of the Powers, and the Austrian Government would certainly not be able to enter into the discussion of the other proposals submitted by the Controllers-General as long as any doubt existed in regard to the hypothecation question. When this last question was once solved they would, in virtue of the friendly relations existing between the two Governments, be all the more prepared to meet any proposals which may be submitted to them in a conciliatory spirit.

I am, &c.

(Signed) SALISBURY.

No. 1397.

The Marquis of Salisbury to Mr. Egerton.

(No. 693.)

Sir,

Foreign Office, October 30, 1879.

SIR N. DE ROTHSCHILD called at the Foreign Office to-day, and urged that the delay respecting the Loan Decree was becoming very serious. Her Majesty's Government consider that there should be no further delay in proceeding with the Decree, and I have accordingly to instruct you to press the Austrian Government to propose the form of words they wish inserted in it, and as soon as you have ascertained what they are, to report the text by telegraph.

I am, &c.

(Signed) SALISBURY.

No. 1398.

Mr. Egerton to the Marquis of Salisbury.—(Received October 31.)

(No. 679.)

My Lord,

Vienna, October 27, 1879.

BARON HAYMERLE called yesterday on the French Ambassador, who reports his language as having been wholly opposed to our point of view.

His Excellency did not vary from the attitude of his subordinates with respect to the inscribed mortgages. He talked, it is true, of influence being used by the Austro-Hungarian Government on its subjects to prevent the latter forcing sales of

land, but, as this does not affect by far the largest portion of those mortgages, it would mean little or nothing.

As regards the draft Decree, he seemed to insist on the Kremer project of a Commission of Control, or on something of a like nature, which would give a share to that Commission in the Government of Egypt.

He admitted he was acting with the Governments of Germany and Italy, and that the latter held strong views.

The French Ambassador ably refuted Baron Haymerle, and in the course of conversation plainly said that, if Austria vetoed our proposals, England and France would probably retire from the Mixed Tribunals, which statement seems to have caused much consternation to Baron Haymerle.

Under the circumstances, M. Teisserenc de Bort thought it best to telegraph to M. Waddington for instructions before going with me to the Foreign Office, as was proposed for to-day, to obtain an official answer from Baron Haymerle.

I have, &c.

(Signed) EDWIN H. EGERTON

No. 1399.

Mr. Egerton to the Marquis of Salisbury.—(Received October 31.)

(No. 681.)

My Lord,

Vienna, October 27, 1879.

THOUGH I did not call to-day on Baron Haymerle, I thought it might be well to see Baron Schwegel, who, of the Austrian Foreign Office, is certainly the best acquainted with the affairs of Egypt.

I began by giving him a short statement, for which I was indebted to the Controllers-General, showing that, of the Consolidated Egyptian Debt of over 90,000,000*l.*, English and French creditors own nine-tenths; while of the floating debt (chiefly, it is true, held in Egypt) of 5,600,000*l.*, only 1,400,000*l.* belongs to nationalities other than English, French, and Egyptian.

We then had a long conversation, in which I spoke openly, and without the slightest reserve, about the whole difficulty.

I told him that, in my belief, it had originated in a *primâ facie* view of the question in the first instance during the summer; that communications had been exchanged with Italy and Germany; and that now Austria found herself committed to a course which, on a question devoid of all importance to her, has made her oppose us on a matter which to England is of the first magnitude, and thus, when our Representatives commenced negotiations, they were met with a simple *non possumus*.

I told him, as I told Baron Calice, that we must keep Egypt on her legs, and to do so we could not allow the introduction of elements of European political jealousy into the administration of the finances of that country.

As Mr. Baring had already told him, the English and French Controllers, on account of the stupendous material interests they represent in Egypt, will always have to act from motives which on them or their successors must necessarily be more cogent than even political feeling; whereas the Representatives of the other Powers, who were not so tied down, were at liberty to follow the political passions of the moment, and thus bring about chaos.

It is best to be quite clear in a matter of such importance discussed between friends. My Government will not accept the Kremer memorandum, or any project which may bring political views into the financial Government of Egypt; and I am afraid I did not speak as respectfully as a member of my profession ought to have done of the joint labours of diplomatists in the internal affairs of foreign countries.

M. de Schwegel said that we had not been met with a *non possumus*. I did not contest this, though I certainly think the reception of the Controllers and our proposals was, to say the least, stiff.

His Excellency then protested at some length that the great wish of his Government was to be well with England; that his Government was most ready to negotiate; that in the mortgage question it was fettered by law; that it would be ready to prove its wish to meet our views by making modifications, if found necessary, on other questions.

What parts of M. Kremer's memorandum did we object to?

As my conversation was more of a personal mutual explanation than of a formal character, I made, as I said before, no reserves or concealments.

I pointed him out a clause respecting a Commission of Control which was utterly inadmissible.

He said M. Kremer was, perhaps, wrong to call it a Commission of Control—it ought to be termed a Commission of Examination; and he went on to prove that the proposed Commission was not necessarily to replace the Controllers-General, whose position would be only fortified by the presence of this subordinate Commission, whose powers would be strictly limited.

I should be deceiving your Lordship if I professed completely to understand, or, indeed, remember, all the details, reasons, and opinions he gave at great length in support of this view.

As, however, he will, no doubt, develop them at length to Messrs. Baring and Blignières, who will be thoroughly competent to test their value, I will not attempt to render them imperfectly to your Lordship.

It was, his Excellency said, the view of his Government that there should be a third Controller-General appointed in turn ("à tour de rôle") from the members of the Commission.

This, I told him plainly, we would never consent to, and he then certainly gave me to understand that on this point we might find Austria willing to yield. He did not say absolutely and in so many words that he would give up this pretension, but he said this is a point which admits of discussion, and in such a manner as leads me to the impression that there is no insurmountable difficulty to be met with here. I dwell on this, as I feel certain this pretension will be advanced and strongly pressed on the Austrian side.

His Excellency told me his Government was anxious for the negotiations to continue, and that the two Controllers should be invited to the Foreign Office, and that some way, he trusted, would eventually be found out of a difficulty which has arisen, as I hope, rather from hastily considered action (though it may appear presumptuous in me to write so publicly of an eminent statesman) on the part of Count Andrassy, than from any unfriendly or deeply-planned policy concerted by him with other Governments to thwart the wishes of France or England.

Should the interview of the Controllers-General to-day extinguish the ray of hope which Baron Schwegel's talk has given me, I trust your Lordship will attribute solely to my inexperience my haste in reporting it to Her Majesty's Government, for I was too glad to attenuate the hopeless impression caused by Baron Haymerle's language to the French Ambassador.

I have, &c.

(Signed) EDWIN H. EGERTON.

P.S. October 28.—I have spoken to Baron Haymerle and Prince Reuss in much the same sense as the above.

I have just learnt that, owing to a mistake in the message sent to them, the Controllers-General were not aware that they were expected at the Foreign Office to-day, and that their interview has been postponed till to-morrow.

E. H. E.

No. 1400.

Mr. Egerton to the Marquis of Salisbury.—(Received October 31.)

(No. 174.)

(Telegraphic.)

Vienna, October 30, 1879.

AS Baron Calice will make no concession to views of Controllers, who wish for the addition of clause in Decree protecting from seizure property mortgaged to inscribed creditors prior to the 3rd February, and as he now makes adhesion to Schaeffer clause *sine quâ non* before continuing discussions on other questions, I only wait till French Ambassador receives instructions before ceding formally on this point.

No. 1401.

Mr. Egerton to the Marquis of Salisbury.—(Received October 31.)(No. 175.)
(Telegraphic.)

Vienna, October 31, 1879.

FOLLOWING is text of Austrian proposed insertion in Rothschild Decree:—
 "Article 4. Le présent Décret ne produira son effet que sous la réserve du plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement aux 2 et 3 Février, 1879, dates des inscriptions prises par MM. de Rothschild."

Commencement of Article 3 will run thus:—

"Pour donner une garantie que le solde disponible de l'Emprunt Domanial sera entièrement et exclusivement employé au règlement de la Dette Flottante Egyptienne, &c."
 I await your Lordship's instructions before assenting formally.

No. 1402.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 31.)(No. 151.)
(Telegraphic.)

Cairo, October 31, 1879.

EGYPTIAN Government submit following modifications in the Decree defining the attributions of the Controllers-General:—

In the first Article, after the word "auront," insert words "en matière financière."

In Article 3 omit words "pour le moment" and "actuellement." In the same paragraph of the same Article, after the word "outré," insert words "et pour ces mêmes faits."

In Article No. [group omitted] instead of words "dont le concours leur est nécessaire," insert words "et les employés du Contrôle."

In Article No. 7, after the word "Contrôleur," insert "et approuvé par le Conseil des Ministres."

Riaz Pasha and the Minister for Foreign Affairs both assure me that these modifications, which they say do not affect the power of the Controllers, are merely intended to save appearances, and to prevent hostile criticism, and if they are agreed to the Decree will be promulgated at once.

No. 1403.

Mr. Lascelles to the Marquis of Salisbury.—(Received October 31, 2.15 P.M.)(No. 152.)
(Telegraphic.)

Cairo, October 31, 1879, noon.

IT is probable that if the arrival of the Controllers-General is indefinitely delayed, the Commissioners of Debt will feel bound, in the interests of creditors, to press on the Egyptian Government the necessity of their arrival in order to complete guarantee given to the creditors. It is not unlikely that if, after the issue of Decree, no assurances can be given as to the arrival of the Controllers-General, the Austrian and Italian members will suggest that the Caisse should undertake the duties of the Control as a provisional measure pending putting into execution of the Decree and the arrival of the Controllers-General.

No. 1404.

The Marquis of Salisbury to Mr. Egerton.(No. 160.)
(Telegraphic.)

Foreign Office, October 31, 1879.

TAKE care that the wording of the clause you accept does not go further than prevent Rothschild Decree from diminishing rights of pre-inscribed creditors, whatever they may be. It must not assert guarantee of those alleged rights.

No. 1405.

The Marquis of Salisbury to Mr. Adams.(No. 190.)
(Telegraphic.)

Foreign Office, October 31, 1879, 7 P.M.

WITH reference to my telegram No. 188, ask French Government their opinion. We are not much inclined to consent to any of these changes, but certainly cannot admit the omission of the words "pour le moment" and "actuellement."

No. 1406.

The Marquis of Salisbury to Mr. Egerton.(No. 695.)
Sir,

Foreign Office, October 31, 1879.

WITH reference to your telegram No. 174 of yesterday, I have to instruct you to be very careful not to assent to any clause proposed by Austria to be added to the Rothschild Loan Decree stipulating for more than the rights, whatever they may be, of holders of inscriptions prior to the 3rd February. It must not contain any guarantee of those alleged rights.

I am, &c.
 (Signed) SALISBURY.

No. 1407.

The Marquis of Salisbury to Mr. Adams.(No. 1304.)
Sir,

Foreign Office, October 31, 1879.

WITH reference to my telegram of this day, in which I communicated to you the modifications submitted by the Egyptian Government to that of Her Majesty in the Decree defining the attributions of the Controllers-General, I have to instruct you to ascertain what is the opinion of the French Government as to these modifications.

Her Majesty's Government are not much inclined to consent to any of the changes in question, but they certainly cannot admit the omission in the 3rd Article of the Decree of the words "pour le moment" and "actuellement."

I am, &c.
 (Signed) SALISBURY.

No. 1408.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 1.)(No. 563. Political.)
My Lord,

Cairo, October 23, 1879.

I HAVE the honour to inclose a copy of the Circular by which Moustapha Pasha Fehmy, the Egyptian Minister for Foreign Affairs, has submitted for the approval of the Powers the Decree regarding the Rothschild Loan.

The only difference between the Decree as it now stands and the draft inclosed in your Lordship's despatch No. 251 of the 15th ultimo is the substitution of the words "Dette Non-Consolidée" for the words "Dette Egyptienne" in the 3rd Article. No reference is made in the Decree to the interpretation to be given to the word "radiation" in the 2nd Article of the Decree, M. Monge having pointed out, by order of the French Government, that it would be better to avoid the mention in the Circular of any matter that might give rise to discussion.

As M. Monge had received his instructions by telegraph on the 18th instant, and as I understood that the Controllers-General were then in Paris, I took it for granted that this course had been adopted in accordance with their advice, and had been communicated to your Lordship. I perceived, however, from your telegram No. 69 of the 22nd instant, that this was not the case, and that your Lordship was under the impression that Riaz Pasha had made a mistake in not drawing up the Circular in the manner which had been agreed upon.

Riaz Pasha, to whom I communicated the substance of your Lordship's telegram, begged me to explain to your Lordship that it was only in consequence of the observations made by M. Monge that the alteration was made in the Circular, which had already been drawn up. He denied that any blame attached to the Egyptian Government, who were willing to agree to anything that the Powers might decide upon, and were only anxious that the matter should be settled without delay.

On the receipt of Moustapha Pasha Fehmy's Circular, M. Schaeffer, the Austrian Agent and Consul-General, addressed a note to his Excellency to say that the definitive assent of his Government must remain suspended until all doubt as to the maintenance of the rights acquired by those persons who had taken out "inscriptions hypothécaires" before the 2nd and 3rd February should have been removed.

M. Schaeffer has subsequently addressed a further note to Moustapha Pasha Fehmy, suggesting the addition of a fourth Article to the Decree, which he was convinced would insure its acceptance by his Government. M. Schaeffer has given me a copy of this Article, which I have the honour to inclose.

I had the honour to convey to your Lordship the substance of this despatch in my telegrams Nos. 146, 147, and 148 of the 21st, 22nd, and 23rd instant.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1408.

Moustapha Pasha Fehmy to Mr. Lascelles.

M. le Gérant,
Caire, le 20 Octobre, 1879.
PAR Circular du 2 Juillet dernier, ce Ministère a eu l'honneur d'informer votre Consulat-Général que MM. de Rothschild se refusaient à verser au Gouvernement Egyptien le solde de l'Emprunt resté entre leurs mains, tant que le Gouvernement Egyptien n'aurait pas obtenu des Puissances, signataires des Traités relatifs à la Réforme, leur assentiment au projet de Décret qu'ils proposaient.

En transmettant copie de ce projet de Décret, ce Ministère a prié le Consulat-Général de vouloir bien prendre à ce sujet et de lui communiquer l'opinion du Gouvernement de Sa Majesté Britannique.

Des renseignements parvenus au Gouvernement du Khédive, il résulte aujourd'hui, M. le Gérant, que l'adhésion des Puissances au Décret en question serait assurée, moyennant l'addition d'un troisième Article qui se trouve inséré dans ce Décret, tel qu'il est reproduit ci-joint en entier.

Je me plais à espérer, M. le Gérant, que le Gouvernement de Sa Majesté, considérant que cette addition est, en réalité, une nouvelle garantie, et qu'il devient chaque jour plus urgent de mettre fin à des retards qui préjudicient gravement aux intérêts des tiers comme à ceux du Gouvernement Egyptien, voudra bien donner son approbation définitive au Décret ainsi modifié.

En tout cas, je vous serais très-reconnaissant de vouloir bien faire en sorte que la réponse de votre Gouvernement soit connue dans le plus court délai possible, eu égard aux circonstances.

Je me permets de compter à cet effet sur toute votre obligeance et je vous renouvelle, &c.

Le Ministre des Affaires Etrangères,
(Signé) MOUSTAPHA FEHMY.

Inclosure 2 in No. 1408.

CONSIDÉRANT qu'à la date du 31 Octobre, 1878, un emprunt de la somme de 8,500,000^l. a été contracté, au nom de l'Etat, par les soins de MM. de Rothschild & Sons, à Londres, et MM. Rothschild Frères, à Paris;

Considérant que, pour donner suite au Décret du 26 Octobre dernier, et répondre à la commune intention des parties, il y a lieu de prendre les dispositions nécessaires, en vue de réserver les biens cédés par notre famille à la garantie spéciale et exclusive de cet emprunt:

Avons décrété et décrétons—

Article 1^{er}. Jusqu'au complet amortissement de l'Emprunt Domanial, les biens cédés par notre famille à l'Etat seront insaisissables et ne pourront être aliénés que par

les Commissaires des Domaines, dans les conditions prévues par les Conventions intervenues ou à intervenir entre le Gouvernement et MM. de Rothschild.

Art. 2. Après la radiation des inscriptions hypothécaires antérieures à celles prises par MM. de Rothschild, à la date des 2 et 3 Février dernier, ces biens seront et demeureront affranchis de toute action résolutoire ou en revendication et de tout droit réel de quelque nature que ce soit, à l'exception de ceux conférés aux souscripteurs de l'emprunt, pour rester spécialement et exclusivement affectés à la garantie des intérêts et de l'amortissement du dit emprunt.

Art. 3. Pour donner une garantie que le solde disponible de l'Emprunt Domanial sera entièrement employé au règlement de la Dette Non-Consolidée, le Gouvernement Egyptien délègue, dès à présent, à la Commission de la Dette Publique tous ses droits sur les sommes dont il peut encore disposer sur le produit de l'Emprunt Domanial, en exécution des Conventions intervenues entre lui et les maisons de Rothschild.

En conséquence, MM. de Rothschild devront accepter, comme bonnes et valables décharges, les quittances qui leur seront données par la Commission de la Dette, en échange des versements qu'ils seront dans le cas de lui faire en exécution de leur contrat.

La Commission de la Dette Publique conservera les sommes ainsi versées par MM. de Rothschild en qualité de séquestre, pour n'en disposer que suivant les instructions qui lui seront données par la Commission de Liquidation, qui sera constituée en vertu d'un accord international; et, à défaut de cette Commission, suivant les instructions qui lui seront données par le Khédive avec le concours des Puissances.

Inclosure 3 in No. 1408.

Draft Article.

ARTICLE 4. Le présent Décret ne produira son effet que sous la réserve du plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement aux 2 et 3 Février, 1879, dates des inscriptions prises par MM. de Rothschild.

No. 1409.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 1.)

(No. 565. Political.)
My Lord,

Cairo, October 24, 1879.

MY French colleague informs me that he has received the draft Decree defining the functions and attributions of Messrs. Baring and De Bignières, and that M. Waddington has instructed him to concert with me as to communicating it to the Khedive.

In accordance with the instructions contained in your Lordship's despatch No. 271 of the 10th instant, I am awaiting your Lordship's further telegraphic instructions before taking any action in the matter.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1410.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 1.)

(No. 566. Political. Confidential.)
My Lord,

Cairo, October 25, 1879.

IN my despatch No. 563 of the 23rd instant I reported the action taken by the Austrian Agent and Consul-General with regard to the Rothschild Decree.

M. Schaeffer has read to me confidentially the instructions which he has received from his Government, by which he is authorized to accept the Decree if all doubt is removed as to the maintenance of the rights of the holders of "inscriptions" taken out before the 2nd and 3rd February. He, therefore, could not accept the Decree at

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present, for it could not be said that the doubt as to the interpretation of the 2nd Article had been removed.

M. Schaeffer believed that the Austrian Government had taken a legal opinion upon the subject, and had been advised that, if they agreed to a Decree by which the radiation of the inscriptions could be effected in an arbitrary manner, the Austrian holders of the inscriptions would have their remedy against the Austrian Government, who might thus become responsible for their payment.

M. Schaeffer thought that this would account for the instructions he had received; and he also thought that, considering the manner in which the interests of holders of the Floating Debt had been sacrificed to those of the holders of the Unified and Preference Debt, in spite of the repeated assurances that had been given, it was not unnatural that some suspicion should be entertained on the present occasion, and that efforts should be made to secure to the holders of the inscriptions the full exercise of the rights which they had legally acquired.

I have informed M. Schaeffer that I doubted whether Her Majesty's Government would be able to agree to the Additional Article which he had proposed, and I reminded him that Her Majesty's Government, although they would have been willing to express their concurrence in the interpretation of the 2nd Article of the Decree in the sense he had suggested, if contained in a note from the Egyptian Minister for Foreign Affairs, had opposed his suggestion that a Protocol should be drawn up, on the ground that such a course might be held to imply a guarantee that a certain class of creditors should receive a certain payment. It appeared to me that this objection would apply with greater force to his suggestion for an Additional Article to the Decree.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1411.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 1.)

(No. 567. Political.)

Cairo, October 25, 1879.

My Lord,

I HAVE the honour to inclose a copy of a despatch which I have received from Mr. Borg, inclosing a translation of a Report from the British Consular Agent at Luxor, calling attention to the harsh and cruel manner in which the taxes are being levied.

I have called the attention of Riaz Pasha to the statements made by Mustapha Aga. His Excellency said that he would cause inquiries to be made, and he was convinced that it would be found that Mustapha Aga had been misinformed.

In the provinces, the revenues of which are pledged to the Commissioners of the Public Debt, it had been found necessary to exert some pressure to get in the taxes in order to prepare for the payment of the coupon on the 1st November, but strict orders had been given to prevent such acts as those described by Mustapha Aga from being committed.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure 1 in No. 1411.

Mr. Borg to Mr. Lascelles.

Cairo, October 23, 1879.

Sir,

I HAVE the honour to forward, for your consideration, and for such steps as you may deem proper to take, a translation of a Report by the Consular Agent at Luxor, from which it appears that, notwithstanding the terms of the Circular recently addressed by the Minister of the Interior to the several Mudirs respecting the mode of levying imposts, &c., the ill-treatment and cruelty to which the tax-payers are subjected have exceeded "the usual bounds." The natives, it seems, are compelled to sell their lands and cattle at low rates, and the Sheikhs have often sold cattle, lands, and palm trees at very low rates without the knowledge of the owners.

Mustapha Aga points out that the power of the Sheikhs over the natives is

unlimited, and that, provided they bring forth money, they are not interfered with even if they do not pay the whole amounts collected, and he again calls attention to the condition of the four natives of Baerât who are still lingering in prison, and to the effect that the action taken against them has had upon other persons who have cause to complain against the Telegraph Agent at Luxor.

I have, &c.
(Signed) RAPH. BORG.

Inclosure 2 in No. 1411.

Mustapha Aga Ayâd to Mr. Borg.

(Translation.)

Sir,

Luxor, October 16, 1879.

I HAVE the honour to report that the authorities here are still exerting themselves to obtain the immediate recovery of the balance of taxes and Moukabalah for the current year. I had been told that orders had been given by the Ministry of the Interior that the natives should not be pressed hard for the recovery of taxes, and that they should not be compelled to sell their lands or cattle for the payment thereof; but from what is now going on, I must say either that those orders were meant to remain a dead letter, or that the Governors here are acting in opposition thereto, as the maltreatment and cruelty displayed in the recovery of taxes have this week exceeded the usual bounds. The natives are very severely whipped, and forced to sell their lands and cattle at low rates.

Yesterday the Sheikhs of some villages here were seen driving to the market the natives and their cattle for the sale of their beasts of pasture. The Governors present at the said market compelled the people there to purchase those heads of cattle, notwithstanding their emaciated condition.

It would be impossible adequately to describe the wretched state of the poor persons driven with their cattle to the market, and followed by their families.

The Sheikhs have often sold the cattle, lands, and palm trees of some of the natives at very low prices without the knowledge of the owners.

These Sheikhs being empowered by the Governors to deal with the natives as best they think, provided they bring forth the money, are not interfered with even if they pay over only a portion of the sums received and keep the rest for themselves.

The cattle plague still continues, and it affects mostly buffaloes and cows. The mortality amounts to ten or fifteen heads every week.

The four natives of Baerât who had complained against the Telegraph Agent at Luxor are still in prison at the Province of Keneh. This is due to the intrigues of the said Telegraph Agent and to his friendly connection with the Governors of the place, as I have explained in my previous Report.

The other natives who had been unjustly treated by the said Telegraph Agent were awaiting the result of this case in order to put forward their grievances to the Government for justice, but seeing what had happened to their fellow-creatures, they have retreated and submitted to his injustice.

Knowing that you would not wish to see innocent persons kept in prison, not from any crime committed, but simply because of their having applied for redress, I write the present in the hope that you will refer the matter to his Excellency the Minister of the Interior, with a view that his Excellency may ask for the dossier of the case to have it examined at his office for the ends of justice, and in order to do the necessary with the Telegraph Agent, and to rescue the natives of those villages from his cruelty.

I have, &c.
(Signed) MUSTAPHA AGA AYAD,
British Consular Agent at Luxor.

No. 1412.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 1.)

(No. 568. Political.)

My Lord,

Cairo, October 25, 1879.

ON the receipt this morning of your Lordship's telegram No. 70 of 4.20 P.M. yesterday, I requested Riaz Pasha to furnish me with a copy of the Report of the Custom-house Commission of Inquiry for transmission to your Lordship.

Riaz Pasha at once gave orders that a copy should be sent to me, but as the Report is of great length, it is probable that two or three days may elapse before I receive it.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1413.

Sir A. Paget to the Marquis of Salisbury.—(Received November 1.)

(No. 424.)
My Lord,

Rome, October 29, 1879.

WITH reference to my despatch No. 414 of the 19th instant, I have the honour to inclose herewith to your Lordship copy and translation of a note which I have received from Count Maffei, stating that the Italian Government has already sent instructions to His Majesty's Ambassador at Vienna with reference to the negotiations now taking place in that city respecting Egyptian finance.

Count Maffei, in an interview I had with him this morning, begged me to assure your Lordship that the Italian Government was animated by the most conciliatory spirit in regard to the settlement of the questions under discussion.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 1413.

Count Maffei to Sir A. Paget.

(Translation.)

M. l'Ambassadeur,

Rome, October 25, 1879.

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 19th instant, informing me that the Government of the Queen understand that the further negotiations relative to the Decrees on Egyptian finance are to be continued at Vienna, and that Mr. Baring had already been instructed to proceed thither.

I hasten to inform your Excellency that the Government of the King has, on its side, given the necessary instructions to the Italian Ambassador at Vienna with regard to these negotiations.

Receive, &c.
(Signed) MAFFEI.

No. 1414.

Mr. Adams to the Marquis of Salisbury.—(Received November 1.)

(No. 1078.)
My Lord,

Paris, October 29, 1879.

I INFORMED M. Desprez this morning of the language held by your Lordship to the French Ambassador in London with reference to the disposition which seems to be manifested by the Austro-Hungarian Government to contend for some form of international control in Egypt, as stated in your Lordship's telegram to me No. 183 of yesterday.

M. Desprez has answered that the French Government sent, on the 27th instant, to the French Ambassador at Vienna, similar instructions to those addressed by your Lordship to Mr. Egerton, and informed his Excellency, on their side, that they could make no concessions on this point.

I have, &c.
(Signed) F. O. ADAMS.

No. 1415.

Mr. Egerton to the Marquis of Salisbury.—(Received November 4.)

(No. 685. Confidential.)

Vienna, October 28, 1879.

My Lord,

THE Controllers-General did not go to the Foreign Office to-day, as, owing to a mistake, they did not receive the message I sent them that they were expected this afternoon by Barons Calice and Schwegel.

Baron Haymerle, when I saw him to-day, used much the same language as Baron Schwegel yesterday, and both to him and to Prince Reuss I said that we could never admit a new Controller-General, or consent to anything which might bring a foreign political element into the internal affairs of Egypt.

In the course of a conversation on this subject, which I did not endeavour to prolong, as I was under the impression that the Controllers-General were discussing the question at issue on the floor below, after a slight mention of Germany, his Excellency, as he had previously done in his conversation with M. Teisserenc de Bort, spoke of the objections of Italy; but he certainly did not seem surprised or displeased when I hastily said we could do very well without Italy, and his Excellency shortly afterwards showed me a despatch of the Italian Government on another subject, as a proof of Italian insincerity.

I am sorry that I let fall this unguarded expression; but when daily evidences are being given of the restless and ambitious spirit of this young kingdom, whose efforts seem to aim at thwarting the very Powers to whose sacrifices or active sympathy she owes her being, I feel thankful that, notwithstanding her ruinous efforts to become a military Power of the first magnitude, Italy, from her extended seaboard, must always remain amenable to any serious pressure on the part of Her Majesty's Government.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1416.

Mr. Egerton to the Marquis of Salisbury.—(Received November 1.)

(No. 687. Confidential.)

Vienna, October 29, 1879.

My Lord,

EXPRESSIONS of Prince Reuss, after seeing Baron Haymerle, gave me to believe that the Austrian Government complained of the stiff attitude of the Controllers-General in their discussions with Barons Calice and Schwegel.

I do not believe the complaint to be justified; for the refusal to discuss further questions, pending the decision of the mortgagees' right to full payment, came from the Austrian side, and it was only after it was made aware, through the French and English Embassies, of the very great importance attached by the two Governments to the main question, that the Austrian Government changed its attitude.

This morning I got a note from Baron Calice asking me:—

1. Do you object to the Rothschild Decree being definitively settled here?

2. Do you object to the insertion in the same of the Article 4 proposed by M. Schaeffer?

As I found M. Teisserenc de Bort was awaiting precise instructions on this point, I was compelled to write:—

"I cannot answer your questions formally and categorically before knowing the views of the Government with which we are acting; but I can tell you privately that I feel confident that both Governments will be willing to make every concession to the Austrian Government in the question of the Rothschild Decree in so far as the Austrian Government is fettered by its own law in the matter."

To-morrow probably I shall be able to give the desired categorical answer.

I may explain that in my conversations with Baron Haymerle, the German Ambassador, and Baron Schwegel, I have never allowed the question of inscriptions in Rothschild Decree to appear a main question, or one on which issue of negotiations depends, nor have the Commissioners in their communications done so either.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1417.

Mr. Egerton to the Marquis of Salisbury.—(Received November 1, 10.30 A.M.)

(No. 176.)
(Telegraphic.)

Vienna, October 31, 1879.

FRENCH Minister for Foreign Affairs has consulted Controllers on the modifications proposed by Khedive in Decree fixing their duties. In reply, they suggest that the change proposed in Article 7 should not be accepted, but that after the words "Controllers-General" the following words should be added: "Toutefois ce Budget ne pourra dépasser la somme de 22,000l. sterling, qu'avec l'assentiment du Conseil des Ministres."

They name 22,000l. because the Budget of the old Controller was fixed at that sum.

So far as they are concerned, they see no objection to the other proposed changes being accepted.

No. 1418.

Mr. Egerton to the Marquis of Salisbury.—(Received November 1.)

(No. 177.)
(Telegraphic.)

Vienna, October 31, 1879.

THE Controllers-General beg me to transmit the following, on the subject of their interview with the Representatives of the Austrian Government to-day:—

The Austrian Government does not accept modification we proposed in Rothschild Decree, with a view to preventing the forced sale of the land. We have, in consequence, informed them that so far we consider the discussion at an end, and that we shall offer no further opposition to the question being decided in the [group wrong] sense. We did not, of course, accept any definitive form in respect to changes to be made in the Rothschild Decree.

In regard to the joint note of the five Powers and the Decree specify [ing] Commission of Liquidation, the Austrian Government express a strong desire to arrive at an understanding, but at the same time declare themselves unable to accept the proposals made to them. [? They object] to the substance, as we to the form, of those proposals. They insist on questions of control and liquidation being treated simultaneously. They propose that the five Powers should sign a Convention here, instituting a Commission of Control, which would also be charged with the duty of preparing a law of liquidation. The Commission would consist of two Controllers-General, a German, and the four Commissioners of Public Debt. The precise duties of the Commission in regard to control and liquidation would, it is proposed, be embodied in two Decrees, which would be hereafter prepared at Cairo, on the basis of Convention. The Austrian Government departs from the Kremer proposal in so far as it agrees to the maintenance of Controllers-General, with larger powers than those of the other members of the Commission, but it proposes to add a third who would be alternately a German, Austrian, or Italian. The other members of the Commission would form a sort of Council attached to Controllers.

Before coming to a definitive decision we think that it would be well to await our detailed report, which leaves Vienna to-morrow.

No. 1419.

Mr. Egerton to the Marquis of Salisbury.—(Received November 1, 2.35 P.M.)

(No. 178.)
(Telegraphic.)

Vienna, November 1, 1879, 1.25 P.M.

WITH reference to my telegram No. 177, with the Controller's report of the interview, which was only granted in consequence of strong representations by French Ambassador, I think that Austrians will consent to their plan being much modified by diminishing prerogatives of proposed control of the Commission, and they can, I think, be made to give up a third Controller-General.

They appear to hold to Convention, but perhaps may be made to yield.

In short, so long as they their maintenance of the point [?], and there is an apparent element of internationality in the Administration, they might, I think, be made

to yield to England and France a more preponderating position than they now assign to us.

Mr. Baring's Report, with full details of conversation, will arrive in London Tuesday morning, and as it contains appreciations and facts not given in telegram, I venture to think your Lordship should wait to receive it before sending me definite instructions.

It is possible the French may represent Austrian attitude as more strongly hostile than Mr. Baring or I are inclined to think it.

No. 1420.

The Marquis of Salisbury to Mr. Egerton.

(No. 162.)

(Telegraphic.)

Foreign Office, November 1, 1879.

WITH reference to my telegram No. 161, which should be shown to Mr. Baring, my impression is that the negotiations at Vienna are likely to last a considerable time, and I fear much harm may be done at Cairo if the Controllers delay to go there. You have now obtained from them sufficient knowledge of the details to be able to conduct the negotiations in their absence; but there is no one to supply their place at Cairo.

I suggest that they should go on as soon as Rothschild Decree is settled.

No. 1421.

Mr. Adams to the Marquis of Salisbury.—(Received November 1, 6.30 P.M.)

(No. 158.)

(Telegraphic.)

Paris, November 1, 1879, 4.45 P.M.

YOUR telegram 187.

French Minister for Foreign Affairs begs your Lordship not to assent formally to addition to Rothschild Decree till Her Majesty's Government have agreed with French Government as to their precise terms.

His Excellency allows that concessions will have to be made.

I send messenger with further details.

No. 1422.

Mr. Adams to the Marquis of Salisbury.—(Received November 1, 6.30 P.M.)

(No. 159.)

(Telegraphic.)

Paris, November 1, 1879, 4.45 P.M.

YOURS 188 and 190.

French Minister for Foreign Affairs does not consider alterations proposed by the Egyptian Government in attributions Decree material, but if Her Majesty's Government are decided not to admit omission of the words "pour le moment" and "actuellement," he will press their retention on Egyptian Government.

But he thinks it of the utmost importance that Decree should be issued at once, and presses for early answer from Her Majesty's Government.

No. 1423.

The Marquis of Salisbury to Mr. Adams.

(No. 1306.)

Sir,

Foreign Office, November 1, 1879.

I HAVE to state to you that Her Majesty's Government agree to the 4th Article proposed by the Austro-Hungarian Government to be inserted in the Rothschild Loan Decree, the text of which I communicated to you in my telegram of yesterday.

Her Majesty's Government would have preferred the words "qui peuvent appartenir," or "qui pourraient appartenir," in the place of "appartenants," but they would be ready to leave this to be settled at Vienna.

I have to instruct you to ask M. Waddington whether the French Government agree to the Article as proposed, and whether they will inform the Austro-Hungarian Government of their acquiescence, and will direct the French Agent in Egypt to urge that the Decree be proceeded with without delay.

I am, &c.
(Signed) SALISBURY.

No. 1424.

The Marquis of Salisbury to Mr. Egerton.

(No. 699.)

Sir,

Foreign Office, November 1, 1879.

I SENT you yesterday a telegram which I received from Her Majesty's Acting Consul-General in Egypt, and which I wish you to show to Major Baring, pointing out the serious consequences that might arise if the arrival of the Controllers-General at Cairo were indefinitely delayed. It appears to me that the negotiations at Vienna are likely to be protracted for a considerable length of time, and that you have now obtained from the Controllers sufficient knowledge of all the details of the questions which may come up for discussion to be able to conduct the negotiations without their assistance.

I would therefore suggest that, as there is no one qualified to take their place at Cairo, and as harm may be done if they delay to go there, that they should proceed thither as soon as the Rothschild Decree question is satisfactorily settled.

I am, &c.
(Signed) SALISBURY.

No. 1425.

The Marquis of Salisbury to Mr. Egerton.

(No. 700.)

Sir,

Foreign Office, November 1, 1879.

I HAVE received your despatch No. 681 of the 27th ultimo, reporting a conversation which you had with Baron Schwegel on the subject of the Egyptian Debt, and I have to inform you that Her Majesty's Government approve the language you held to Baron Schwegel, as stated in that despatch.

I am, &c.
(Signed) SALISBURY.

No. 1426.

Mr. Adams to the Marquis of Salisbury.—(Received November 2.)

(No. 1088.)

My Lord,

Paris, November 1, 1879.

M. WADDINGTON requested me to call upon him this afternoon, and at our interview he informed me that Count Beust had left with him on the 30th ultimo a long "Mémoire" on Egyptian matters, and had come to see him yesterday to discuss it.

This document, M. Waddington told me, related to three matters—the Rothschild Decree, the Controllers-General, and the Commission of Liquidation.

Without going into the details of the Austrian Ambassador's communication, M. Waddington proceeded to inform me of the principal points of his answers to Count Beust during a long discussion.

With regard to the question of the creditors who had taken out inscriptions before the 3rd February on the property pledged for the Rothschild Loan, and to the demand of Austria that full effect should be given to their claims, M. Waddington, as he told me, said to Count Beust that he considered that what Austria demanded was simply a sacrifice of equity to the strict letter of the law; that he deplored this course of proceeding; that it would entail considerable hardship and injustice on other creditors of various nationalities, and that it was entirely contrary to the opinion of their own Commissioner, M. Kremer, published in the Report of the Commission d'Enquête. But that

nevertheless he thought that some arrangement might be arrived at in the matter. At the same time, he was not prepared to give a definitive answer to Austria until he had consulted your Lordship, inasmuch as he had pledged his word to you (at Dieppe, as his Excellency observed, as it were aside, to me), to act in all Egyptian questions in concert with Her Majesty's Government.

With regard to the Control question, M. Waddington said that he had informed Count Beust that he was obliged to tell him plainly that the French Government could make no concession of any kind to other Powers as to the powers of the English and French Controllers-General, or as to the introduction of another member of a different nationality into the Control. It must be recollected, that at the Congress of Berlin it was agreed that Egyptian affairs were not to be introduced, and that the lead in them was accorded to England and France, and that, just as in other matters we gave the lead to other nations, so we must keep it in respect of Egypt.

With regard to the Commission of Liquidation, M. Waddington said to Count Beust, as he told me, that he considered that England and France had made a sufficient concession when they agreed to a German having a vote, which was, indeed, practically giving two votes to Austria. In the document given to him by Count Beust, M. Waddington went on to say he had observed to the Austrian Ambassador that he found that Austria fully recognized the preponderance of English and French interests in Egypt, and that, as Austria allowed this, he (M. Waddington) could not but be surprised at the conclusion she drew from the premises:—"You admit the preponderance, but you propose measures which would completely destroy it."

M. Waddington informed me further, that he had told Count Beust that the material interests of France and England in Egypt were nine-tenths of the whole, and that to represent these interests in the Commission of Liquidation we had four votes; whilst to represent the other one-tenth there were three votes, i.e., one each for Austria, Germany, and Italy; that the concession we had made of adding one member to the Commission was due to our strong wish to work in harmony with Austria and Germany on such an important question, but that if we were to go beyond this concession we should be sacrificing our interests in a manner which, he felt sure, we should not be prepared to do.

M. Waddington added, that he begged Count Beust to understand that he wished to treat these Egyptian questions as a whole, and as dependent upon each other, and that concessions should be made on both sides.

I have, &c.
(Signed) F. O. ADAMS.

No. 1427.

Mr. Egerton to the Marquis of Salisbury.—(Received November 3.)

(No. 692.)

My Lord,

Vienna, October 31, 1879.

I WENT yesterday to the Foreign Office and told Baron Calice that though, as I said before, our Governments were willing to concede the point of the Rothschild Decree in which the Austrian Government was fettered by its own law, it would, so the Controllers-General told me, somewhat attenuate the evil which would be caused by the insertion of the Schaeffer clause, if some modifications of it which I then mentioned could be made.

The principal of these was a clause protecting from actual seizure by the inscribed creditors the lands or tenements on which the latter held mortgages, though at the same time it is conceded that their rights should be respected.

However, with respect to all these proposals Baron Calice took his stand on purely legal ground, and refused to invalidate in any way the rights of the inscribed mortgagees, and denied that Baron Schwegel had made any offer to Mr. Baring in a previous discussion as to the non-seizure of the property of the secured mortgagees, subject to the full recognition in the Decree of their rights.

Baron Calice took generally a much more uncompromising attitude than that of Baron Schwegel, and said that time had been lost by a misplaced hope that the Austrian Government might give way in any respect in its views regarding the rights of the hypothecated inscriptions.

From the first day he had said that the Austrian Government could not cede anything here; and he said also that it was useless for the Controllers-General to enter

into further discussions till this matter was completely settled in the Austrian sense, that is to say, in the terms of M. Schaeffer's amendment, for the Austrian Government would not proceed further in the negotiations till their amendment in the Rothschild Decree was agreed to.

To the French Ambassador precisely the same language was held, and after forwarding to the Foreign Office a project of compromise on this question, drawn up by the Controllers more as a declaration saving their own responsibility for the decision given than for any hope of influencing the Austrian Government, his Excellency told me that he was prepared to join me in conceding, in the spirit of the instructions of our respective Governments, the Austrian *sine quâ non*, in order to commence discussion on the other question of the Liquidation Commission.

Under these circumstances, I was about to join him in this step, but having received from your Lordship instructions to communicate to you the exact text of the Austrian proposal, which, I have understood from Baron Calice, is the Schaeffer clause, I have told M. Teisserenc de Bort that I shall await the instructions of my Government before giving formal assent to the Austrian plan.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1428.

The Marquis of Salisbury to Mr. Lascelles.

(No. 71.)
(Telegraphic.) Foreign Office, November 3, 1879, 2 A.M.

CONTROLLERS' Decree.

Her Majesty's Government must insist on retaining the words "pour le moment" and "actuellement" in Article 3. To omit these words would be to abandon the Decree of November 1876.

But, with this exception, you are authorized to accept the other proposed alterations, so far as the French Agent accepts them. In respect to these other alterations, it will save time to let the instructions come from Paris. Early issue of Decree most important.
(Repeated to Paris.)

No. 1429.

The Marquis of Salisbury to Mr. Adams.

(Telegraphic.) Foreign Office, November 3, 1879, 2:30 A.M.
HER Majesty's Government think that the Loan Decree should be proceeded with at once, irrespective of the negotiations respecting the Liquidation Decree.

The Rothschilds represent that the delay which is occurring is very injurious, and will lead to serious complications if prolonged. Suggest to M. Waddington to signify his formal assent to the proposed addition at once, or if he has any alteration in the words of the proposed 4th Article to telegraph them here without delay.

The Austrians already know that England and France will accept the Article in principle, and the delay as to the form does not really strengthen us in the negotiations about liquidation.

Her Majesty's Government entirely agree in M. Waddington's language to Count Beust on the general question, as reported in your despatch No. 1088.

Instructions will be sent to you shortly upon it.

No. 1430.

Mr. Adams to the Marquis of Salisbury.—(Received November 3.)

(No. 159.)
(Telegraphic.) Paris, November 2, 1879.
M. WADDINGTON is very anxious that the Attributions Decree should be signed at once, and thinks it very desirable that it should be signed before Rothschild Decree. He suggests that instructions should be sent to our two Agents to press for retention

of words insisted upon in your 190, but if the Egyptian Government will not give way, he would rather yield on the point than incur fresh delay.

He has no objection to Controllers' addition to Article 7, but does not think it material.

Please telegraph answer.

No. 1431.

Mr. Adams to the Marquis of Salisbury.—(Received November 3.)

(No. 160.)
(Telegraphic.)

Paris, November 2, 1879.

BEFORE giving decided opinion on Article 4, proposed by Austria, M. Waddington wishes to draw attention of your Lordship and Rothschild to the danger of its imperative form. He thinks that if there was any chicanery as to extent of full exercise of rights the whole effect might be stopped, and thinks following text more prudent:—

"Le plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement au 2 et 3 Février, 1879, dates des inscriptions prises par MM. de Rothschild, est, et demeure, expressément réservé."

No. 1432.

Mr. Adams to the Marquis of Salisbury.—(Received November 3, 6:45 P.M.)

(No. 161.)
(Telegraphic.)

Paris, November 3, 1879, 4:30 P.M.

YOUR telegram No. 192.

French Minister for Foreign Affairs telegraphs to French Agent at Cairo to accept all the modifications in Controllers' Decree proposed by Egyptian Government, except words which Her Majesty's Government insist on retaining in Article 3; to insist on maintenance of those words; to say that, by accepting all modifications but one, French Government have shown a desire to meet views of Egyptian Government and facilitate solution; and to insist on immediate signature of Decree.

I also telegraph above to Lascelles by desire of French Minister for Foreign Affairs.

No. 1433.

The Marquis of Salisbury to Mr. Adams.

(Telegraphic.)

Foreign Office, November 3, 1879.

GERMAN Government appear to wish to take part in Alexandria Harbour Commission. If they join it Austria and Holland, and probably other Governments, are likely also to want to take part in it. Ascertain and let me know, as soon as possible, views of French Government as to participation of other Powers besides England, France, and Italy in this inquiry.

No. 1434.

The Marquis of Salisbury to Mr. Adams.

(No. 194.)
(Telegraphic.)

Foreign Office, November 3, 1879, 6:10 P.M.

YOURS No. 159.

Will have been answered by my telegram last night to Cairo, which was repeated to you.

No. 1435.

The Marquis of Salisbury to Mr. Adams.

(No. 195.)

(Telegraphic.)

YOURS No. 160.

Tell M. Waddington that I assent to the wording of the fourth Article of the Rothschild Loan Decree proposed by him.

Urge that the matter should be proceeded with at once, and that he should tell French Ambassador at Vienna to try and expedite it there.

I have instructed Mr. Egerton that I accept this version, and that I am anxious the Decree should be now issued forthwith.

No. 1436.

The Marquis of Salisbury to Mr. Egerton.

(Telegraphic.)

Foreign Office, November 3, 1879, midnight.

WITH reference to my telegram repeating the telegrams from Mr. Adams No. 160, and to him Nos. 195 and 196, it is of importance to get the Rothschild Loan Decree proceeded with and issued as soon as possible if the Austrian Government accept M. Waddington's version of Article 4.

(Repeated to Paris.)

No. 1437.

The Marquis of Salisbury to Mr. Adams.

(No. 1314.)

Sir,

Foreign Office, November 3, 1879.

I HAVE to inform you that Her Majesty's Government are of opinion that the Rothschild Loan Decree should be proceeded with at once, irrespective of the negotiations which are now in progress respecting the Liquidation Decree.

It has been represented to me by Messrs. Rothschild that the delay which is now taking place is extremely injurious, and, if prolonged, will lead to serious complications. Under these circumstances, I have to request you to suggest to M. Waddington that he should signify at once his formal assent to the proposed addition to the Decree, or, if he desires to suggest any alteration in the wording of the proposed 4th Article, that he should telegraph his suggestions here without delay.

The Austrian Government are already aware that Great Britain and France are prepared to accept the Article in principle, and delay as to the actual form in which it should be expressed will not contribute to strengthen the position of the two Governments in the negotiations respecting the liquidation.

I have to add that Her Majesty's Government entirely agree in M. Waddington's language to Count Beust upon the general question, as reported in your despatch No. 1088 of the 1st instant, and I shall shortly send you instructions on the subject.

I am, &c.
(Signed) SALISBURY.

No. 1438.

The Marquis of Salisbury to Mr. Adams.

(No. 1315.)

Sir,

Foreign Office, November 3, 1879.

REPORTS have reached me that it is the intention of some of the creditors who inscribed hypothecations upon the Daira lands ceded by the Khedive's family to sue for execution upon them at an early period. It becomes, therefore, necessary that I should draw the attention of the French Minister for Foreign Affairs to the position of these lands, and the claims made upon them.

Before the 26th October last year they belonged to the Khedive's family. On

that day they were ceded to the Egyptian State, and the cession was recorded and sanctioned by the Viceroy in a Decree. In the same Decree it is distinctly stated that this property so ceded is to be the security of a loan of 8,500,000*l.*, to be immediately concluded.

The same political instrument, therefore, which sanctioned the cession of the lands to the State, declared at the same moment their application as a guarantee for the payment of interest upon the loan. In order to give a security that the rents of these lands should be applied for this purpose and no other, they were thereupon made receivable by three Commissioners, an Egyptian, an Englishman, and a Frenchman, the two latter to be designated by their respective Governments; and the English Government accepted the duty of designating this receiver expressly in order to assure the subscribers to the loan that he should not be divested of his office without the consent of the Government.

Some delay took place in executing the formality of hypothecation. It is not worth while inquiring in this place how a delay which has been so unfortunate in its results could have been permitted by the Egyptian Government to occur.

Whatever the reason may have been, it was not until the 3rd February that the formal inscription of the mortgage of Messrs. Rothschild was executed; and then it was discovered, apparently for the first time, that in the interval between the 26th October and the 3rd February other creditors having claims against the Khedive had obtained judgment and inscribed hypothecations against this particular property. What the precise legal value of these hypothecations is has not been fully ascertained. At first it was anticipated that a destination of the property manifestly so contrary to the intention with which it had been surrendered by its owners would not be upheld by the Mixed Tribunals.

As the same Decree which conveyed the land from the Khedive's family to the State also assigned it on behalf of the State as security for the proposed loan, it was expected that the Court would treat the two transactions as standing on the same footing—would award to both of them either a common disallowance or a common recognition.

This expectation was realized by the Court of First Instance, but not by the Court of Appeal. The Court of Appeal treated the cession from the Khedive's family to the State as valid; but it treated the assignment of the property to the creditors of the loan as invalid; and it decided that the property which had been conveyed by the Khedive's family for one purpose should be applied to another and a totally different purpose. How far these inscriptions constitute a lien upon the property in question, whether the whole property is affected or only a part of it, has not yet been the subject of judicial decision.

During the discussions which have preceded the issue of the Decree for which Messrs. Rothschild are applying, some of the Powers, and especially Austria, to whose nationality one of the most important inscribing creditors belongs, have contended that the Decree sought by Messrs. Rothschild should not have the effect of altering or compromising the legal rights, whatever they were, of these inscribing creditors. To this contention in principle England and France have assented, and differences of opinion have only arisen upon the precise form in which the operation of the Rothschild Decree should be accordingly restricted. The Rothschild Decree not having been directed against the creditors who had inscribed previously to the 3rd February, but having a different object, it was reasonable that the interests of this particular class of creditors should be explicitly protected from its operation.

But the concession made by England and France upon this point in no way prejudices a larger and much more important question, namely, whether it was in the power of the Mixed Tribunals so to deal with this ceded property as to subject it, or any part of it, to sale at the instance of, and for the benefit of, the inscribing creditors. The property was ceded for a totally different purpose. It was ceded at the recommendation of a Commission appointed by a Decree which was communicated to the Powers, and on which Representatives of several of them sat. The cession was marked as being made for one particular purpose—and that only—in the Decree of the 26th October, which was also communicated to the Powers, and which received at the hands of England and France a special sanction, in that they consented to designate the receivers by whom the rents of this property, for the purpose thus indicated, were to be collected and applied. It is a grave question for the consideration of the English and French Governments whether they can admit that the Mixed Tribunals are acting within the limit of their attributions in frustrating the action of the two Powers, and whether under their decree land which has been consigned for a special

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purpose to the guardianship of England and France can be alienated for a wholly different object.

If the claim of the inscribing creditors to foreclose and sell the property is admitted to be just, it would have been just had it received a much larger extension. It is conceivable that mortgages might have been inscribed for the whole of the property; that not one farthing of it would have been permitted to become guarantee for the Rothschild Loan, for the purpose of raising which it was ceded; and that the receivers appointed by England and France, as an assurance to the creditors of that loan that the rents would be received and paid over, might have found themselves with no money to receive and no duties to perform.

This appears to me to be an extravagant view to take of the prerogatives of the Mixed Tribunals. Much confusion has arisen from the fact that they have been allowed to interfere with State debts at all; but that they should also be allowed to withdraw from the custody of England and France estates of which these Powers had accepted the guardianship for a special purpose, is a pretension for which no ground is furnished, either by the origin of their powers or the diplomatic instruments by which they were established.

The fact that these Mixed Tribunals derive their authority entirely from the assent of the Powers is a material element in the consideration of this case.

I request that you will lay these considerations before M. Waddington, and ascertain how far he is prepared to entertain the above views with respect to the limits that ought to be assigned to the authority of the Mixed Tribunals.

I am, &c.
(Signed) SALISBURY.

No. 1439.

The Marquis of Salisbury to Mr. Adams.

(No. 1323.)

Foreign Office, November 3, 1879.

Sir, I HAVE to instruct you to acquaint M. Waddington that I assent to the wording of the 4th Article of the Rothschild Loan Decree as proposed by his Excellency, and as contained in your telegram No. 160 of yesterday.

I should wish you at the same time to urge upon the French Government that the matter should be proceeded with without any loss of time, and that instructions should be sent to the French Ambassador at Vienna to endeavour to expedite a settlement in that capital.

I have informed Her Majesty's Chargé d'Affaires at Vienna by telegraph that I accept this version, and am anxious that the Decree should now be issued forthwith.

I am, &c.
(Signed) SALISBURY.

No. 1440.

The Marquis of Salisbury to Mr. Lascelles.

(No. 291.)

Foreign Office, November 3, 1879.

Sir, HER Majesty's Government have had under their consideration the modifications proposed by the Egyptian Government in the Decree defining the attributions of the Controllers-General, and which are specified in your telegram No. 151 of the 31st ultimo.

In reply, you have been informed by telegraph that Her Majesty's Government must insist on the retention in Article 3 of the words "pour le moment" and "actuellement," the omission of which would be virtually to abandon the Decree of the 18th November, 1876.

With this reservation, you have been authorized to accept the other alterations proposed by the Egyptian Government, so far as they are admitted by your French colleague; and with regard to any such amendments, as the early issue of the Decree is most important, it will avoid needless delay by reference home that you should be guided by the instructions given to M. Monge by his Government.

I am, &c.
(Signed) SALISBURY.

No. 1441.

The Marquis of Salisbury to Mr. Egerton.

(No. 704.)

Foreign Office, November 3, 1879.

Sir, WITH reference to the telegraphic correspondence with Mr. Adams, with which you were made acquainted by telegraph to-day, respecting the wording of the 4th Article of the Rothschild Loan Decree, as proposed by M. Waddington, and to which Her Majesty's Government assents, I have to state to you that it is of importance to get the Decree proceeded with at once, and issued forthwith; and I have to instruct you to let me know as soon as possible if the Austro-Hungarian Government will accept M. Waddington's version of the Article above-mentioned.

I am, &c.
(Signed) SALISBURY.

No. 1442.

Mr. Egerton to the Marquis of Salisbury.—(Received November 4.)

(No. 694A.)

Vienna, October 31, 1879.

My Lord, THE Controllers-General have been consulted by the French Minister for Foreign Affairs on certain modifications proposed by the Khedive in the Decree fixing their duties.

In reply, they suggest that the amendment proposed in Article 7 should not be adopted, but that the following words should be added after "Contrôleurs-Généraux": "toutefois ce Budget ne pourra pas dépasser la somme de 22,000l. qu'avec l'assentiment du Conseil des Ministres."

The sum of 22,000l. is named because that was the sum at which the Budget of the old Control was fixed.

They see no objection, so far as they are concerned, to the acceptance of the other proposed changes.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1443.

Mr. Egerton to the Marquis of Salisbury.—(Received November 4.)

(No. 696.)

Vienna, October 31, 1879.

My Lord, I HAVE the honour to inclose herewith a report of an interview which the Egyptian Controllers-General had with Barons Calice and Schwegel at the Foreign Office to-day.

I have, &c.
(Signed) EDWIN H. EGERTON.

Inclosure in No. 1443.

Note of a Conversation between Barons Calice and Schwegel and the Egyptian Controllers-General on October 31, 1879.

M. DE BLIGNIÈRES and myself had a long interview yesterday with Baron Calice and Baron Schwegel.

We had previously communicated to them, in our own names, and not speaking on behalf of our respective Governments, a draft Article which we proposed to add to the Rothschild Decree, and under which the mortgaged creditors would be prevented from forcing the sale of the lands recently ceded by the late Khedive. They declined to accept our proposal. Knowing, therefore, the views of the English and French Governments on this subject, we did not press the point any further, but intimated that we were willing to acquiesce in the Austrian view. The form of the Additional

Article, by which the rights of the mortgaged creditors will be reserved, must now be arranged between the various Governments concerned.

We then proceeded to the discussion of the Liquidation Decree and proposed joint note which have been communicated to Austria, Germany, and Italy by the English and French Governments.

On this subject they assured us that the Austrian Government was animated with the most friendly dispositions; that they were most anxious to come to some arrangement, and that they fully recognized the preponderating weight of English and French interests in Egypt. They added, however, that the Austrian Government "ne pourra pas se désintéresser entièrement des affaires Egyptiennes;" that they had, comparatively speaking, minor, but still important, interests at stake, and especially that, in co-operating in the enactment of a new law, they would assume new responsibilities, which, under existing circumstances, they could scarcely assume unless some degree of influence were assigned to them which might enable them to watch over the due execution of the new law. Unless, therefore, the English and French proposals were remodelled, they would be unable to accede to them. They entertained strong objections to the substance as well as to the form of those proposals.

In the first place, they were of opinion that the questions of control and of the enactment of a Law of Liquidation should be considered simultaneously.

We pointed out that there was no necessary connection between the two subjects; that we had no authority to discuss with the Austrian Government the question of the control; that we had already been appointed Controllers-General by the Egyptian Government, on the recommendation of the English and French Governments; that this did not involve the introduction of any innovation in Egyptian Administration, for that, under an engagement taken by the late Khedive, the Control, originally established in November 1876, and suspended in December 1878, was to be brought again into creation in the event of the European Ministers being suspended; that it was true that the duties which it was now proposed to assign to the Controllers differed somewhat from those assigned to them by the Decree of the 18th November, 1876, but that this was a matter for arrangement between the English and French Governments on the one hand, and the Egyptian Government on the other.

The Austrian Representatives requested us to show them the Decree fixing our new duties, of the general tenour of which they had been made acquainted by a telegram from their Consul-General at Cairo, but we explained our inability to comply with this request. We added that if, after the above remarks, they still wished to offer any observations on the Control question, we were, of course, quite prepared to listen to them, but that it must be understood that our conversation would be purely "officiuse," and that any views we might express were in no way binding on our respective Governments.

From the conversation which followed it was made abundantly clear that the Austrian Government will not co-operate in the enactment of any new law unless some share is assigned to them in the Control. There is, I think, no chance whatever of their yielding altogether on this point. At the same time, they do not take their stand on the Kremer memorandum, and will probably accept for their Representative a relatively smaller share in the Government of Egypt than the proposition embodied in that memorandum would confer. In fact, the general impression left on my mind from all they said was, that they will insist on some share in the control, but that, under diplomatic pressure, they might possibly agree to their share being reduced to a minimum relatively to that of the English and French Governments. This, however, is merely an impression. I cannot speak with certainty on the subject.

It will be remembered that the Kremer proposal, which was originally adopted by the Austrian Government, consisted of instituting a "Commission Supérieure de Contrôle," composed of seven members, viz., two Englishmen, two Frenchmen, one Austrian, one German, and one Italian. Of these four (viz., one of the Englishmen, one of the Frenchmen, the Austrian, and the Italian) would also be Commissioners of the Public Debt.

They now propose a Commission similarly constituted, but with this difference in respect to the duties of its members—an Englishman, a Frenchman, and a German (which latter, however, is at stated times to be succeeded by the Austrian or Italian members of the Commission) are to be Controllers-General, and are to be invested with much the same powers as England and France now propose to assign to the two Controllers-General. They did not very strictly define what were to be the relations between the three Controllers-General and the other four members of the Commission, who would also be Commissioners of the Public Debt, but they recognized that the

former should have a privileged position, and that the latter should be affiliated to them as a sort of Council. Their idea appeared rather to be that the Controllers should keep the Council informed of their proceedings, and should consult them on important matters.

Before proceeding any further I venture to state what appear to be the advantages and disadvantages of the above-mentioned plan.

The advantages, or at all events the temporary advantages, are considerable. There can be no question that our mission in Egypt will be immensely facilitated if we can carry the Austrians, Germans, and Italians with us. On the other hand, they will be enormously increased if, in addition to the great inherent difficulties of the position, we have to encounter their overt hostility. The degree to which they will be able to thwart all attempts at reform will become apparent if the peculiar position occupied by Europeans in Egypt under the Capitulations be borne in mind. It is scarcely possible to adopt any fiscal measure of reform, however reasonable or necessary, without in some form or another giving rise to complaints, more or less well founded, that the Capitulations have been infringed. There is, so far as I know, no reason to suppose that, did we associate ourselves with the Austrians in the work of control, they would not for the present cordially co-operate with us.

The disadvantages of this or of any analogous arrangement are those inherent in any attempt at international government; for it is to be borne in mind that, whatever be the duties assigned to the Commission, its members will be the Representatives of five powerful Governments. That any Egyptian Government must be weak and will almost certainly be incompetent, and that the Commission will be, or by the nature of things will shortly become, the real governing body in the country. Thus the liberty of action of the English and French Governments will be fettered. Their influence, if paramount, will not be exclusive, and at any moment it will be in the power of Austria, Germany, or Italy, for political reasons wholly unconnected with Egyptian affairs, to hamper the efficient march of the Egyptian Administration. The Representatives of those Powers will not, as in the case of Englishmen or Frenchmen, feel that, their countrymen having large financial interests at stake, they are morally bound to decide any financial question on its own merits. The financial interests of Austrians, Germans, and Italians in Egypt are insignificant, and there will be a strong temptation to allow them to be subordinated to the political interests of the moment.

Further, it is more than probable that the Commission will grow into a "Corps Législatif," the result of which will be that, should the English and French Governments wish to withdraw from the International Tribunals a year hence, they will find the difficulties of doing so increased.

There is another secondary objection of some importance. Under the Austrian proposal no less than four of the Commissioners will also be special Representatives of the bondholders, and, therefore, naturally disposed to view most questions from the bondholders' point of view.

The decision which Her Majesty's Government will take on this very important question will, no doubt, to a great extent be guided by general political considerations. There is, however, one observation to which, from the wholly Egyptian point of view, I attach great importance, and to which I earnestly beg to direct special attention.

If it be decided to reject any proposition at all tending towards an International Government, the alternative will be that England and France will have to act alone. They will then have to withdraw from the International Tribunals. M. de Blignières and myself can go to Egypt, and the Egyptian Government, acting under our advice alone, must endeavour to set matters straight. The task, as I have already said, will be one of extreme difficulty. We shall have a large combination of different interests, political and financial, against us. If the English and French Governments are prepared to act with a high hand and to support us energetically and cordially, such a policy may succeed. But it may lead to further interference in Egypt; in fact, it is impossible to predict the consequences of the policy; they may be serious. In spite of the great difficulties and responsibilities, I do not shrink from undertaking the task if I am assured of full support. But, unless the English and French Governments are quite fixed in their determination to adopt a most resolute attitude, I submit that it will be better to come to terms with the Austrians, and to attempt the comparatively easy task of arranging existing difficulties in harmony with the other Powers. To send us out to Egypt with the Austrians, Germans, and Italians hostile, and without resolute support from the Governments of England and France, will be to court failure.

I trust I may be excused for making the above remarks. I do so because I consider it of great public importance that the issues should be clearly defined.

Should it be decided to make concessions to the Austrians, I venture to suggest that the basis of the further negotiations should be somewhat as follows:—Attempts should be made to get the Austrian and German Governments to abandon the idea of a third Controller-General, a proposal which is open to great objections from the English and French point of view. From Baron Schwegel's language, I think it possible that they might be brought to abandon the idea, but I cannot speak with any certainty. Then the two English and French Controllers should be allowed to remain as at present, and their relative positions in respect to the other members of the Commission should be, as much as possible, increased in importance. On them only should be conferred full powers of inspection and control over the subordinate inspectors. They should be empowered to advise the Egyptian Government without consulting the other members of the Commission. They might from time to time report their past proceedings to the Commissioners, who might then express their opinions on them. The Commission should have no right of initiation, but should be enabled to give its opinion on all proposed measures which might be laid before it by the Controllers. These proposals would, of course, very much reduce the importance of the Commission, and it may be doubted whether the other Governments would consent to them. At the same time, they would form a basis for discussion to arrive at an understanding.

I pass on to the other secondary, but still very important, objections raised by the Austrian Government to the Anglo-French proposals.

1. They object to the joint note. They propose a Convention, arguing that as the International Tribunals were created by a Convention, which was submitted to their Legislature, the same course should be adopted in this case, where a change is to be made in the law administered by the Tribunals. The Convention would be signed as soon as possible, and would lay down the basis on which a Commission of Control, which would also temporarily be a Commission of Liquidation, would be established. Two Decrees would then be prepared in Cairo on the basis of the Convention; one instituting the Commission of Control, the other conferring on it powers for making a law of liquidation. In the preparation of these Decrees the Austrian Government think it would be well that the Judges of the Court of Appeal of Alexandria should be consulted.

2. They do not propose to delegate absolute legislative powers to the Commission. The law will not come into force immediately it is signed by the Commissioners, countersigned by the Khedive, and officially published. They propose that the Powers should reserve to themselves the right of verifying whether the Commissioners have kept strictly within the lines laid down for them by the Convention and the Decree, and, should this verification be satisfactory, they then propose that each of the five Powers should simultaneously notify to the Tribunals that they have approved of the law. This is really constituting a Court of Appeal, and will very probably cause great delays before a final arrangement be made.

3. Some discussion took place on the same point as that on which the Lord Chancellor gave his opinion a short time ago, viz., whether the law could come into force in respect to the subjects of the five Powers so soon as their respective Governments had signified their assent, or whether the collective assent of all the Powers who co-operated in instituting the Tribunals was necessary. On this point the Austrian Government are prepared to agree practically in the English and French view; but they attach much importance to the insertion in the Convention of a clause binding the five Powers to use their joint influence to prevent the subject of any other Power who might not yet have agreed to the new law from obtaining more favourable treatment than any of their own subjects.

They made some other objections of detail, but it is useless to dwell on them at present, until the more important questions are settled.

To resume. It appears to M. de Blignières and myself that the English and French Governments have now to decide whether they will or will not adhere to the formation of some sort of International Government in Egypt. If they decide in the negative it is useless to continue the negotiations, and we can go to Egypt at once, or, at all events, after a very brief consultation with our respective Governments. If they decide in the affirmative, the negotiations can then continue. They will certainly last some time, and it is for the English and French Governments to decide whether they wish us to stay here, to return to Paris and London, or to go to Egypt. So far as

we are personally concerned, we are prepared to adopt the course which appears best to our respective Governments.

(Signed) EVELYN BARING.

Vienna, November 1, 1879.

No. 1444.

Mr. Egerton to the Marquis of Salisbury.—(Received November 4.)

(No. 698. Confidential.)

Vienna, November 1, 1879.

My Lord,

THE French Ambassador, feeling the false position the Controllers-General were placed by the objection of the Austrian Government to enter into discussions or even to see them until the formal consent of the Western Governments was given to the Austrian view of the Rothschild Decree, made a strong representation to Baron Haymerle, which resulted in the Controllers being invited to the Foreign Office yesterday afternoon.

Major Baring will have reported to your Lordship what passed at that interview, when the general views of the Austrian Government were sketched out.

As Baron Calice has said to me since, "These are our views, but we shall be ready to meet you half-way." Though I have not again entered into discussions on the subject, I agree with Mr. Baring, from the impressions formed at my first talk with Baron Schwegel, that the Austrians will consent to their plan being much modified by diminishing the prerogatives of their proposed Control Commission, and on the question of the third Controller-General they will ultimately, I think, give way.

Even as regards the Convention, to which I understand they attach weight, great concessions may be obtained, though here they may not entirely give way.

It seems to me that their great object is to obtain an apparent element of internationality in the administration of Egypt, though once that principle admitted they would be willing to dilute it to a very great extent as regards all but France and England.

Thus it appears that the main point of contention on the Austrian side is the admission of a principle which the French and English, as most interested in the welfare of Egypt, look upon as dangerous; but on the other hand, the dangerous proposal may be toned down till it appears, for the moment at least, to be almost innocuous, not to say advantageous.

Very strong and steady pressure, however, may have to be kept up before the Austrians and the Governments with whom they act will give way to this extent.

It is only right to mention that both Major Baring and I think that the attitude of the Austrian Government is somewhat modified since the question of the Rothschild Decree is no longer in discussion, and that in their views on the general control there is no stubborn hostility apparent, though they maintain a principle with which we do not concur.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1445.

Mr. Adams to the Marquis of Salisbury.—(Received November 4.)

(No. 1090.)

Paris, November 1, 1879.

My Lord,

WITH reference to your Lordship's telegrams No. 188 and No. 190 of yesterday, M. Waddington told me this afternoon that he did not consider the alterations proposed by the Egyptian Government in the Decree fixing the attributions of the Controllers-General as material, but that if Her Majesty's Government are decided not to admit the omission in the 3rd Article of the words "pour le moment" and "actuellement," his Excellency declared himself ready to press their retention upon the Government of Egypt.

But his Excellency added that he considered it of the utmost importance that the

Decree should be issued forthwith, and he begged me to ask your Lordship to give him a speedy answer on the matter.

I have, &c.
(Signed) F. O. ADAMS.

No. 1446.

Mr. Adams to the Marquis of Salisbury.—(Received November 4.)

(No. 1092.)

Paris, November 1, 1879.

My Lord,

WITH reference to your Lordship's telegram No. 187 of yesterday, repeating one from Mr. Egerton which gives the text of the insertion proposed by Austria in the Rothschild Loan Decree, M. Waddington begs me to request your Lordship not to assent formally thereto until the English and French Governments have agreed as to the precise terms they will accept in this matter.

His Excellency at the same time allowed that concessions would have to be made to Austria.

I have, &c.
(Signed) F. O. ADAMS.

No. 1447.

Mr. Adams to the Marquis of Salisbury.—(Received November 4.)

(No. 1094.)

Paris, November 2, 1879.

My Lord,

M. WADDINGTON told me this afternoon that he was exceedingly anxious that the Decree fixing the attributions of the Controllers-General in Egypt should be signed at once, and that he considered it very desirable that this Decree should be signed and published before the Rothschild Loan Decree.

His Excellency begged me to suggest to your Lordship that instructions should be sent to the French and English Agents at Cairo to press for the retention of the words "pour le moment" and "actuellement" in the 3rd Article, but, if the Egyptian Government will not give way as to this, he would rather agree to the omission of the words than incur any fresh delay.

With respect to the addition proposed by the Controllers-General to Article 7, as reported to your Lordship in Mr. Egerton's telegram No. 176 of the 31st ultimo, M. Waddington said that he had no objection to it, but that he did not think that it was material.

I have, &c.
(Signed) F. O. ADAMS.

No. 1448.

Mr. Adams to the Marquis of Salisbury.—(Received November 4.)

(No. 1096.)

Paris, November 2, 1879.

My Lord,

I COMMUNICATED to M. Waddington yesterday morning a paraphrase of your Lordship's telegram of 5.35 p.m. of the 1st instant, and, when I was able to see his Excellency late in the afternoon, he told me that, before he gave any decided opinion as to the Additional Article to the Rothschild Loan Decree, he wished to draw the attention of Her Majesty's Government and Messrs. de Rothschild to what he considered the danger of the imperative form of the Article.

His Excellency said that, if any chicanery should arise as to the extent of the "plein exercice des droits," the whole effect of the Decree might be stopped; and he, therefore, thought that it would be more prudent to adopt the following text:—

"Le plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement aux 2 et 3 Février, 1879, dates des inscriptions prises par Messrs. de Rothschild, est et demeure expressément réservé."

I should be much obliged to your Lordship if you would telegraph to me the answer of Her Majesty's Government to M. Waddington's proposition.

I have, &c.
(Signed) F. O. ADAMS.

No. 1449.

Mr. Adams to the Marquis of Salisbury.—(Received November 4.)

(No. 1101.)

Paris, November 3, 1879.

My Lord,

ON receipt of your Lordship's telegram No. 192, repeating to me a telegram which you have this day sent to Mr. Lascelles respecting the Decree fixing the attributions of the Controllers-General, I went to the French Foreign Office and communicated to M. Waddington the substance of your Lordship's message to Her Majesty's Agent at Cairo.

M. Waddington at once declared that he would telegraph to M. Monge to accept all the modifications proposed by the Egyptian Government in the draft Decree, except the words "pour le moment" and "actuellement" in Article 3; that the French Government insisted on their retention; that, by accepting all these modifications but one, the French Government showed a desire to meet the views of the Egyptian Government and to facilitate a solution, or words to that effect; and that the French Government must insist upon the immediate signature of the Decree.

M. Waddington having expressed a wish that I should telegraph direct to Mr. Lascelles the purport of his telegram to M. Monge, I have ventured to do so, considering also that I was justified therein by your Lordship's mentioning in the last paragraph of your telegram to Cairo that it would save time to let instructions come from Paris.

I have, &c.
(Signed) F. O. ADAMS.

No. 1450.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 4.)

(No. 153.)

Cairo, November 4, 1879.

(Telegraphic.)

MR. FITZGERALD and Bluhm Pasha have been provisionally appointed to their old posts in the Ministry of Finance.

No. 1451.

Mr. Egerton to the Marquis of Salisbury.—(Received November 4, 4 A.M.)

(No. 179.)

Vienna, November 4, 1879, 3 A.M.

(Telegraphic.)

CONTROLLERS-GENERAL left for Paris to-night.

Baring tells me he could manage to leave by Brindisi steamer of 10th, but Blignières cannot go till next week, and it is thought desirable that both should arrive together.

Unless, therefore, we hear from your Lordship to the contrary, Baring proposes to leave by Brindisi steamer of 17th. This will enable him to go over to London to see your Lordship, which he is most anxious to do before finally leaving.

He will arrive in Paris Wednesday.

Mr. Adams to the Marquis of Salisbury.—(Received November 4, 4:30 P.M.)

(No. 163.)
(Telegraphic.)

Paris, November 4, 1879, 2:45 P.M.

YOUR telegram No. 195.

Loan Decree:—

Instructions have been just sent to French Ambassador at Vienna to concert with Mr. Egerton in urging Austrian Government to accept M. Waddington's version of Article 4.

The Marquis of Salisbury to Count Károlyi.

Foreign Office, November 4, 1879.

M. l'Ambassadeur,
HER Majesty's Government have carefully considered the despatch of the 27th ultimo, which I received from your Excellency on the 30th.

With respect to the so-called Rothschild Decree, which has largely occupied the attention of the Powers during the last few months, we have uniformly maintained the following language:—

The Decree was not originally proposed by the Khedive with any view of affecting the rights claimed by the creditors who had inscribed mortgages before the 3rd February in this year. Its object was to prevent the creation of any new rights to the detriment of the security held by Messrs. Rothschild. This proposal appeared to us to be innocent, and we have from the first accepted it. Nor have we raised any objection when it was proposed, by words inserted in the Decree or by some other notification emanating from the Viceroy's Government, to make it clear that the Decree had no effect in diminishing the rights, whatever they were, of the creditors inscribed before that date.

If the Viceroy should be advised to issue a Decree thus guarded, substantially in the terms which have been already submitted to the Austro-Hungarian Government, we shall offer no objection.

But we have felt it necessary to examine scrupulously the language of this document, in order to guard ourselves from assenting to propositions of whose equity we are less fully convinced.

The particular lands, on which the mortgages now in question are secured, are not a portion of the original domains of the Egyptian State. Until the 26th October in last year they belonged to the members of the Khedive's family. By a Decree of that date they were conveyed to the Egyptian State; but by the same Decree they were also assigned as a guarantee for the interest on a public loan which was then announced. Owing to a regrettable delay, the formal inscription of them as mortgaged to the new loan was not completed before the 3rd February; and, intermediately, certain unsecured creditors of the State had taken advantage of that delay to inscribe mortgages upon these lands for the amount of their own claims. At first no importance was attached to these circumstances, as it was hardly considered probable that these inscriptions would be considered as valid. If the Decree of the 26th October was considered inoperative, then the lands were still the property of the Khedive's family, and could not be taken in payment of State debts. If the Decree of the 26th October was operative, the land was set apart for the purpose for which the Khedive's family had ceded it, namely, that of guaranteeing the loan then about to be issued. It did not seem probable that, in favour of the inscribing creditors, one part of the Decree should practically be treated as invalid, while the operation of the other part was upheld.

This, however, is the effect of the decision at which the Court of Appeal arrived, reversing by its judgment the decision of the Court below. The practical injustice of this result to the other creditors of the floating debt, some of whom are English subjects, will be very serious. The Rothschild Loan is, speaking generally, the only fund out of which the creditors of the floating debt can be satisfied. If distributed equally among them all, it will only suffice to provide a very moderate percentage. If a large portion of it is absorbed in paying the whole of the claims of those creditors who took advantage of the delay to inscribe mortgages upon the Prince's lands,

little or nothing, I am informed, will be left for the creditors who did not take that step.

Whatever the legal effect and value of the decision at which the Supreme Court has arrived may be, it is impossible that it should be carried into effect without much litigation and discussion. As the rights of English subjects will be involved in those discussions, Her Majesty's Government have thought it right to guard against assenting to any Decree by which the claims of the inscribing creditors would receive any force or validity which they do not now possess. But, as I have already stated, Her Majesty's Government have no objection to words which will prevent the Decree from affecting those claims injuriously.

I propose to deal in another despatch with the other matters adverted to in the communication forwarded to me by your Excellency.

I have, &c.
(Signed) SALISBURY.

The Marquis of Salisbury to Count Károlyi.

Foreign Office, November 4, 1879.

M. l'Ambassadeur,

IN the despatch, dated the 27th October, from Baron Haymerle, of which your Excellency has forwarded me a copy, the Austrian Minister for Foreign Affairs refers at length to the exposé of Councillor von Krömer, and expresses a wish to know the opinion of the English Government upon it, which he says that Government has hitherto withheld.

I regret that any apparent neglect should have been shown to a communication of the Austro-Hungarian Government. But our abstinence up to this time from any detailed comment upon the memorandum of Councillor von Krömer is due to a misapprehension of the wishes of the Austro-Hungarian Government in submitting it to our notice. It was first communicated to me by Sir Henry Elliot on the 22nd July, and in doing so he stated that it was explained to him that the memorandum must not be taken as embodying the views of the Imperial Government. Under these circumstances, I did not infer that any statement of the views of the English Government in respect to the propositions of Councillor von Krömer was rendered necessary. If I had done so, I should at once have explained frankly to the Austro-Hungarian Government that it was impossible for Her Majesty's Government to concur in those propositions. The statement of Councillor von Krömer is briefly this: that the Control, as it was instituted by the Decree of November 1876, and exists at the present moment, has failed, and that it is desirable to supersede it by a new Commission of Control, in which three other Powers should have representative members.

I see no reason for accepting the view that any such failure in the action of the Control has taken place as would justify the abolition of an arrangement which was accepted at the time without objection, and has not since been challenged by any of the Powers. The Controllers have shown a wise abstinence from unnecessary interference with the operations of the native Government, and in so doing have evinced a clear perception of the necessities of Egyptian policy, and a judicious deference to the feelings of the population.

It is possible that a greater activity might have produced more immediate results, but it would have been at the price of increasing the friction which Councillor von Krömer laments. On the other hand, if there are any defects in the constitution and working of this Control, they are not such as would be in any degree remedied by adding to the number of nationalities represented in its body. Experience has shown that International Commissions are not usually distinguished by unity of counsels or rapidity of action.

The difficulty and the delay which have attended the action of several of the Commissions appointed under the Treaty of Berlin give reason for apprehending that embarrassments would arise which would paralyze all effective action in the counsels of an International Commission of Control. In the interest, therefore, of the Egyptian Government, as well as of its creditors, and for the purpose of securing, so far as possible, an effective administration, we should be compelled to decline the propositions of Councillor von Krömer.

But I should frankly add that these are not the only motives which would

influence the decision of Her Majesty's Government upon the proposals now before us. England and France have a preponderance of influence in Egypt by virtue of the special gravity and importance of the interests, political and other, which they possess in that country. The plan of Councillor von Kremer practically amounts to a proposal for the surrender of this preponderance. Whatever the precise effect of the change in machinery might be, this would undoubtedly be the interpretation which a public feeling in Egypt would attach to such a concession on our part. This is a consequence which it would be impossible for us, consistently with our duty, to accept.

I trust that the Austro-Hungarian Government will treat the proposal establishing an International Commission of Liquidation as one that should be decided independently of any question connected with the appointment of Controllers. The necessity of the establishment of such a Commission arises from the peculiar position of the Mixed Tribunals. They have, within certain limits, jurisdiction over the liabilities of the Egyptian State; but now that the Egyptian State is unable to meet its liabilities the Tribunals have no machinery and have no authority to determine the proportion which is to be paid to the various creditors out of assets which are insufficient to satisfy them all in full.

If no Liquidation Commission is appointed, no such division of the available funds can be made under the present judicial system. Under those circumstances, the question must necessarily arise whether the power of making regulations for this purpose, which has been withdrawn from the Khedive by the institution of the Mixed Tribunals, ought not to be restored to him. It is evident, therefore, that the failure to establish, by international consent, a Commission of Liquidation will not only give rise to ruinous litigation, but will open grave questions of policy for which it may be difficult to find any satisfactory settlement.

The inclosures which accompanied your Excellency's note of the 30th ultimo are herewith returned.

I have, &c.
(Signed) SALISBURY.

No. 1455.

Mr. Adams to the Marquis of Salisbury.—(Received November 5.)

(No. 1097: Confidential.)
My Lord,

Paris, November 3, 1879.

I WISH to add, confidentially, a few words to my despatches Nos. 1094 and 1096 of yesterday, extending telegrams of that date on Egyptian matters. I saw first M. Desprez, and then M. Waddington with him, late in the afternoon. Their present preoccupation is the Attributions Decree. They are both very urgent that it should be promulgated forthwith, and, after examination, they have come to the conclusion that the alterations proposed by the Egyptian Government are not of material importance, and they would accept them all sooner than that there should be any further delay.

With reference to the Rothschild Loan Decree, M. Waddington is not so urgent; his expression was, that by accepting the Additional Article proposed by Austria before the question of the Attributions Decree was settled, we, as it were, play our last card, and he is very decidedly of opinion that the latter Decree should be signed and published before—certainly in no case later than—the former.

I told M. Waddington that Messrs. de Rothschild had represented to your Lordship that the delay respecting the Loan Decree was becoming very serious; but his Excellency stuck to his text, and he trusted that your Lordship would withhold your formal assent till the two Governments were entirely agreed as to the formula they would wish adopted.

The objection to the Austrian wording came from M. Desprez, and M. Waddington wished that your Lordship would consult the London firm on the matter, and ascertain whether they saw danger in that wording, and whether they would not prefer the text which he proposed in substitution.

In conclusion, I believe I am right in saying that if the affair of the Attributions Decree were disposed of, and Messrs. de Rothschild agree to accept the Austrian text

of the Additional Article in the Loan Decree, M. Waddington would find less difficulty in accepting it as well.

His Excellency said that he was leaving Paris this evening for several days.

I have, &c.
(Signed) F. O. ADAMS.

No. 1456.

Mr. Adams to the Marquis of Salisbury.—(Received November 5.)

(No. 1106.)

My Lord,

Paris, November 4, 1879.

I COMMUNICATED this morning to M. Desprez, in the absence of M. Waddington, who is not in Paris, the substance of your Lordship's telegram No. 195 of yesterday evening, and requested him, as had been agreed upon between his Excellency and myself in this case, to send instructions at once by telegraph to the French Ambassador at Vienna to urge the Austrian Government to accept the version proposed by M. Waddington for Article 4 of the Rothschild Loan Decree, as recorded in my despatch No. 1096 of the 2nd instant.

I saw M. Desprez later, and he informed me that the instructions were being telegraphed to M. Teisserenc de Bort, who was requested to act in concert with Mr. Egerton.

I have, &c.
(Signed) F. O. ADAMS.

No. 1457.

Mr. Egerton to the Marquis of Salisbury.—(Received November 5.)

(No. 180.)

(Telegraphic.)

Vienna, November 4, 1879.

AUSTRIAN Minister for Foreign Affairs very impatient for settlement of Rothschild Decree.

French Ambassador when I saw him to-day had not yet received instructions as to *réduction*.

Minister for Foreign Affairs hopes that France and England will not propose alteration of Austrian text.

His Excellency's language showed great desire to come to terms on other subjects, and gave me the impression that it was rather for the appearance of a voice than for an actual voice in the administration of Egypt that he is contending. The third Controller and Convention [*sic*] he will, I think, yield.

No. 1458.

Mr. Egerton to the Marquis of Salisbury.—(Received November 5.)

(No. 183.)

(Telegraphic.)

Vienna, November 5, 1879.

FRENCH Ambassador and I presented to Austrian Minister for Foreign Affairs French text of Article No. 4 of the Rothschild Loan, which Austrian Government accepted as essentially similar to their own, and will signify their acceptance to Berlin and Rome.

No. 1459.

Mr. Malet to the Marquis of Salisbury.—(Received November 5.)

(No. 154.)

(Telegraphic.)

Cairo, November 5, 1879.

MR. LASCELLES has handed over to me the archives of Her Majesty's Agency and Consulate-General, and I have entered on my duties. Mr. Lascelles requests your Lordship to grant him leave of absence.

No. 1460.

The Marquis of Salisbury to Mr. Lascelles.

(No. 292.)

Sir, MR. MALET'S arrival in Egypt having relieved you of the direction of Her Majesty's Agency and Consulate-General, I am desirous of placing upon record the high sense entertained by Her Majesty's Government of the services rendered by you during the whole time that you have been in charge of that office. I have already more than once had occasion to express to you their entire approval of the diligence and judgment which you have shown in the management of the very difficult and important business entrusted to you, and I have only to add that that approval is equally extended to your more recent proceedings.

I feel confident that your conduct of affairs in the appointment which has now been conferred upon you will be no less satisfactory.

I am, &c.
(Signed) SALISBURY.

No. 1461.

Mr. Malet to the Marquis of Salisbury.—(Received November 6.)(No. 155.)
(Telegraphic.)

Cairo, November 6, 1879.

MR. ROWSELL informs me that the Administration of Domains have decided to remit amount of second coupon due on the Rothschild Loan to the Bank of England, and not to Messrs. Rothschild.

No. 1462.

Mr. Egerton to the Marquis of Salisbury.—(Received November 7.)(No. 185.)
(Telegraphic.)

Vienna, November 7, 1879, 3.40 P.M.

I LEARN that Italian Government agree to French wording of Article No. 4 of Rothschild Decree, and to preamble of Article No. 3.
Answer from Berlin not yet received.

No. 1463.

The Marquis of Salisbury to Mr. Malet.(No. 75.)
(Telegraphic.)

Foreign Office, November 7, 1879, 6.30 P.M.

AFTER some correspondence, Austrian Government have agreed to insertion of following clause proposed by French Government as Article 4 of Rothschild Loan Decree:—

“Le plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement au 2 et 3 Février, 1879, dates des inscriptions prises par MM. de Rothschild, est et demeure réservé.”

Her Majesty's Government have assented, and Austrian Government has undertaken to ask assent of Germany.
Italy has agreed.

No. 1464.

The Marquis of Salisbury to Mr. Malet.

(No. 294.)

Foreign Office, November 7, 1879.

Sir,

I TRANSMIT herewith, for your information, copies of the correspondence which has passed between this Department and Her Majesty's Embassies at Vienna

and Paris, relative to the wording of the proposed Decree to protect from seizure the Daira lands mortgaged as security for the recent Rothschild Loan.*

I am, &c.
(Signed) SALISBURY.

No. 1465.

The Marquis of Salisbury to Mr. Malet.

(No. 300.)

Foreign Office, November 7, 1879.

Sir,

I HAVE to state to you, for your information, that, after some correspondence between the Powers, the Austro-Hungarian Government have agreed to the insertion, as Article 4 of the Rothschild Loan Decree, of the following clause, to which Her Majesty's Government and the Italian Government have also assented:—

“Le plein exercice des droits appartenant aux créanciers hypothécaires inscrits antérieurement au 2 et 3 Février, 1879, dates des inscriptions prises par MM. de Rothschild, est, et demeure, expressément réservé.”

The Austro-Hungarian Government have undertaken to ask the consent of the Imperial German Government to the insertion of this clause.

I am, &c.
(Signed) SALISBURY.

No. 1466.

Lord Tenterden to Mr. John Scott.

Sir,

Foreign Office, November 7, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 25th ultimo, forwarding two volumes of the published collection of Judgments delivered by the Court of Appeal of Egypt since the establishment of that Tribunal.

In conveying to you his Lordship's thanks for the communication of these documents, I am at the same time to state to you that the obliging offer of your assistance in any future revision of the present system is fully appreciated by his Lordship, and shall be borne in mind.

I am, &c.
(Signed) TENTERDEN.

No. 1467.

Mr. Egerton to the Marquis of Salisbury.—(Received November 8.)

(No. 711.)

My Lord,

Vienna, November 5, 1879.

THE French Ambassador last night received instructions from his Government to concert with me in asking the Austrian Government to consent to the following reading of the proposed 4th Article in the Rothschild Decree:—

“Le plein exercice des droits appartenants aux créanciers hypothécaires inscrits antérieurement au 2 et 3 Février, 1879, dates des inscriptions prises par MM. Rothschild est, et demeure, expressément réservé.”

We therefore called on Baron Haymerle, who, on reading it and perceiving that it was in its sense similar to the Austrian text, at once accepted it, and, on our request, promised to telegraph at once to Berlin and Rome to say that he had done so.

I have, &c.
(Signed) EDWIN H. EGERTON.

* Nos. 1401, 1435, 1458, and 1462; from Mr. Adams, No. 195; and to Mr. Egerton, No. 167.

Mr. Adams to the Marquis of Salisbury.—(Received November 8.)

(No. 1109.)
My Lord,

Paris, November 5, 1879.

I HAVE the honour to inform your Lordship that I have this day addressed a note to the French Government in the terms of your Lordship's despatch No. 1315 of the 3rd instant, and have submitted for consideration the views therein set forth with respect to the limits that ought to be assigned to the authority of the Mixed Tribunals in Egypt.

I have, &c.
(Signed) F. O. ADAMS.

No. 1469.

Mr. Malet to the Marquis of Salisbury.—(Received November 8.)

(No. 156.)
(Telegraphic.)

Cairo, November 8, 1879.

AN action has been brought before International Tribunals against our Consular Agent at Zagazig. He asks me for instructions as to whether he should plead incompetency of Tribunals.

Recently, in action against French Consular Agent, the Court of Appeal decided that it was competent to try such cases, and gave judgment against the defendant, but refrained from execution, as the French Agent and Consul-General instructed the Consular Agent to resist execution by force if necessary.

Other countries will doubtlessly follow precedent of France. What instructions should I give to our Consular Agent? The case comes on for hearing immediately.

Reference to your Lordship's No. 7 of the 3rd January and No. 118 of the 14th June: No. 7 is unfortunately missing from archives, and I do not know its contents.

No. 1470.

Mr. Egerton to the Marquis of Salisbury.—(Received November 8.)

(No. 186.)
(Telegraphic.)

Vienna, November 8, 1879.

GERMAN Government has notified to the Austrian Government acceptance of proposed French text of Article No. 4 of the Rothschild Decree.

No. 1471.

Lord Lyons to the Marquis of Salisbury.—(Received November 8, 6.15 P.M.)

(No. 164.)
(Telegraphic.)

Paris, November 8, 1879, 4.30 P.M.

FRENCH Minister for Foreign Affairs will send to-day to Cairo instructions to press immediate issue of Rothschild Loan Decree. He has received assent of Austria and of Italy to the French wording of Article No. 4, and expects that of Germany.

He telegraphed yesterday to Cairo to remonstrate against delay in issuing the Decree on the attributions of Controllers.

He urged strongly that France and England should be firm in resisting the Austrian pretensions respecting Liquidation Commission.

The Marquis of Salisbury to Mr. Egerton.

(No. 720.)
Sir,

Foreign Office, November 8, 1879.

COUNT KÁROLYI spoke to me this evening about the negotiations with respect to Egypt which had been proceeding at Vienna. His Excellency expressed his gratification that a practical arrangement was in near prospect as to the matter of the Rothschild Loan. He then referred to the question of the Controllers, and the proposed Commission of Liquidation in connection therewith. He acknowledged the receipt of my note informing him that Her Majesty's Government could not accept the proposition of Councillor von Kremer with respect to the extension of the Control. He said that Austria fully acknowledged the preponderance, both on political and on commercial grounds, which England enjoyed in fact, and had a right to enjoy, in Egypt, and stated that his Government in no way contemplated disputing it. But Austria, too, had her commercial interests, which it was her duty to guard, and she could not look with favour on arrangements which set them altogether aside. The proposals, however, of Councillor von Kremer were not to be looked upon as the definitive opinion of the Imperial and Royal Government, but rather as matter put forward by them for discussion, in order to invite the expression of the views of other Powers.

He said that Baron Haymerle was engaged in the preparation of a fresh proposition, inspired by the views which he had just explained to me, and an account of which he hoped would reach me next week.

I thanked his Excellency for this information, and said that while Her Majesty's Government had every desire to avoid interfering with the legitimate interests of other nations, the Decree of November 1876, and the Control established thereby, was an arrangement which Her Majesty's Government could not consent to abandon, or to modify in any international sense. I observed to Count Károlyi that the action of England, though her interests were largely commercial, was dictated in the main by exclusively political considerations. Egypt had, in that point of view, an importance for England which it had for no other country in the world, and we were unable either to forego our own claims to influence in that country, or to accede to arrangements of which confusion would be the necessary result. Any international government of Egypt I thought quite impossible. I should not, therefore, be justified in treating the proposal to appoint a third Controller as one to which, under any circumstances, Her Majesty's Government would be likely to assent. At the same time, we should approach the subject with a sincere desire to show all due respect to Austrian interests and claims, and I therefore thought it better to await the further communication promised to me from the Austrian Government before discussing the matter more fully in detail.

I am, &c.
(Signed) SALISBURY.

No. 1473.

The Marquis of Salisbury to Mr. Egerton.

(No. 721. Secret.)
Sir,

Foreign Office, November 8, 1879.

IN the conversation which I had with Count Károlyi upon the subject of Egypt, which I have reported in my despatch No. 720 of this day's date, I observed to his Excellency that he would be gravely mistaken if he imagined that it was any apprehension of Austria which induced us to adopt the course that we had taken.

I did not conceal from Count Károlyi that the restless policy of Italy, and the claims which she was evidently disposed to advance, made it quite impracticable to admit any extension of the Control. His Excellency, in reply, said that he saw the difficulty which circumstances had created. It was hardly possible for Austria to claim any position in Egypt which should not also be accorded to Italy. On the other hand he stated, with some emphasis, that Austria was not paid in order to maintain the claims of Italy against us ("nous ne sommes pas payés pour cela").

I had on Wednesday seen Count Montgelas upon the same matter, and had then intimated to him that some portion at least of the present disposition shown by Italy towards England was due to the earnest support which England had always given to

Austrian rather than to Italian views, in dealing with questions that had arisen in the Balkan Peninsula. I thought it somewhat hard under the circumstances, I said, that we should find Austria heading a combination of Italy and Germany against us, though it was only upon this limited question.

Count Montgelas only replied in general terms to this observation, expressing his confidence that the misunderstanding was purely transient, and would be speedily adjusted.

I am, &c.
(Signed) SALISBURY.

No. 1474.

The Marquis of Salisbury to Sir A. Paget.

(No. 534.)

Sir,

Foreign Office, November 8, 1879.

GENERAL MENABREA asked me as to the new Controllers' Decree which it was proposed the Egyptian Government should issue. He appeared to think that it was a project for taking the whole Government of Egypt into the hands of the English and French Controllers, and excluding every other nation from any influence or participation.

I stated to his Excellency in general terms that it was rather a concession to the wishes of the Khedive and an increase in the power of the native Government than any enlargement of the prerogatives conferred by the Decree of 1876. The Decree of 1876 conferred extensive administrative powers. As an experiment for the purpose of giving strength and confidence to the native Government, we had been willing to suspend in some degree the action of that Decree, and to substitute for it functions of mere inspection and advice. For the moment the Controllers would have a consultative and not an administrative position. In order that they might exercise these duties, it was necessary that they should be fully informed, and therefore the new Decree would confer on them large attributes of inspection and inquiry. But whatever augmentation might be given to their powers in that particular respect, the temporary abandonment of administrative functions would constitute a recession so far on the part of England and France from the position assigned to them by the Decree of three years ago.

I am, &c.
(Signed) SALISBURY.

No. 1475.

Mr. Malet to the Marquis of Salisbury.—(Received November 9.)

(No. 157.)

(Telegraphic.)

Cairo, November 8, 1879.

DRAFT Decree regarding attributes of Controllers-General, Article 3.

Minister for Foreign Affairs proposes, after the words "Contrôleurs-Généraux," to add:—

"N'exercent pas les attributions qui leur étaient conférées par le Décret du 18 Novembre, les Contrôleurs-Généraux ne prendront pas part à la direction des services administratifs et financiers; ils se borneront actuellement . . ."

The rest of the Article to remain as it is.

If Her Majesty's Government will not accept this alteration, his Excellency asks that an official note may be written to him containing the explanation of the words given in your telegram No. 71, in which case the Decree will be issued as first proposed.

No. 1476.

The Marquis of Salisbury to Mr. Malet.

(No. 77.)

(Telegraphic.)

Foreign Office, November 9, 1879, 11 P.M.

YOURS of November 8.

I am quite ready to repeat, in the form of an official note, the explanation given in my telegram No. 71, but the words proposed to be inserted are ambiguous, and would lead to future controversy. I cannot, therefore, accept them.

No. 1477.

The Marquis of Salisbury to Mr. Malet.

(No. 78.)

(Telegraphic.)

Foreign Office, November 9, 1879, 11.30 P.M.

WITH reference to your telegram No. 156, Consular Agent at Zagazig should plead incompetency of Tribunals. The establishment of the Mixed Tribunals has not affected the immunities of British Consular officers in Egypt.

No. 1478.

The Marquis of Salisbury to Mr. Malet.

(No. 304.)

Sir,

Foreign Office, November 9, 1879.

IN reply to the inquiry contained in your telegram No. 156 of the 8th instant, I have informed you this day that the establishment of the Mixed Tribunals has not affected the immunities of British Consular Officers in Egypt; and, in the event of an action being brought against the British Consular Agent at Zayazig before the International Tribunals, he should plead their incompetency.

I am, &c.
(Signed) SALISBURY.

No. 1479.

The Marquis of Salisbury to Mr. Malet.

(No. 302.)

Sir,

Foreign Office, November 9, 1879.

I LEARN from your telegram No. 157 of yesterday that Riaz Pasha proposes to add after the words "Contrôleurs-Généraux" in Article 3 of the draft Decree, defining the attributions of the Controllers General the words "n'exercent pas les attributions qui leur étaient conférées par le Décret du 18 Novembre, les Contrôleurs-Généraux ne prendront pas part à la direction des services administratifs et financiers; ils se borneront actuellement . . ."

I regret that I am unable to accept the proposed addition, as the words used are ambiguous, and would most likely lead to controversy hereafter.

I am, however, quite willing that you should address an official note to Riaz Pasha repeating the explanation contained in my despatch to Mr. Lascelles No. 291 of the 3rd instant of the reason why Her Majesty's Government must insist on retaining the words "pour le moment" and "actuellement" in Article 3 of the Decree.

I am, &c.
(Signed) SALISBURY.

No. 1480.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 10.)

(No. 570. Political.)

My Lord,

Cairo, October 28, 1879.

IN my despatch No. 547, Political, of the 9th instant, I had the honour to inform your Lordship that Riaz Pasha, having consulted the Controllers-General as to the advisability of raising a loan for the purpose of paying the amount due on the 7th instant on account of the Tribute, had received a telegram stating that, in their opinion, it was not advisable that the Egyptian Government should attempt to raise a loan even for that purpose.

I have now the honour to inclose a copy of a letter, which has been published in the "Moniteur Egyptien," from Messrs. Baring and De Blignières to Riaz Pasha, in which they state the reasons for the advice they had given. They also state that they are of opinion that the Rothschild Loan should be devoted entirely to the settlement of the Non-Consolidated Debt, and that if the receipts from the affected provinces should not be sufficient to meet the coupon on the Unified Debt due on the 1st proximo, the deficit

should only be made good from the general resources of the country after the payment, first, of the salaries of the employés of the Government, and, secondly, the arrears of the tribute.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1480.

Extract from the "Moniteur Egyptien."

PRÉSIDENCE DU CONSEIL DES MINISTRES.—Les Contrôleurs-Généraux retenus en Europe par la nécessité de préparer la solution des difficultés que soulève le règlement de la situation financière, ont adressé à son Excellence le Président du Conseil des Ministres la lettre suivante :—

"M. le Président,

"Paris, le 14 Octobre, 1879.

"Par télégramme en date du 4 de ce mois, vous nous avez signalé l'impossibilité où se trouvait le Gouvernement Egyptien de payer la seconde semestrialité du tribut, venant à échéance le 10 de ce mois, et vous nous avez demandé si nous pensions qu'il fût opportun de recourir à des maisons de banque pour en obtenir une avance. Nous vous avons répondu que dans les circonstances actuelles, nous estimions qu'il n'y avait lieu de faire aucun emprunt, même pour payer le tribut.

"Nous ne pouvons pas savoir exactement dans quelle mesure les recouvrements opérés permettront de faire face aux prochaines échéances, mais nous ne pouvons douter que depuis le jour où la Commission d'Enquête a établi le bilan de la situation financière, c'est-à-dire depuis le mois d'Avril dernier, cette situation ne se soit suffisamment aggravée pour qu'il en résulte à bref délai des difficultés analogues à celle que vous nous avez déjà signalée.

"Le Gouvernement actuel est en droit de décliner toute responsabilité au sujet d'embarras financiers dont les causes ont été signalées par la Commission d'Enquête; mais il doit renoncer définitivement à des expédients qui n'ont d'autres effets que d'égarer l'opinion sur l'état réel des ressources du pays et d'ajourner sans les résoudre des difficultés que chaque jour aggrave.

"C'est en nous inspirant de ces considérations que nous avons émis l'avis qu'il n'y avait pas lieu de contracter un emprunt pour payer le tribut. Nous ne pourrions dans des circonstances analogues qu'émettre un avis semblable.

"Il ne conviendrait même pas, pour quelque motif que ce soit, de faire un nouveau prélèvement sur l'Emprunt Rothschild. Les sommes restant disponibles sur cet emprunt doivent être exclusivement réservées à la liquidation de la Dette Non-Consolidée.

"Pour subvenir à la prochaine échéance de la Dette Unifiée, nous pensons qu'il faut, sans recourir à des anticipations d'impôts qui compromettraient le service de l'échéance suivante, ne négliger aucun des moyens qui peuvent assurer le recouvrement des contributions restant dues sur les années précédentes et des dix douzièmes des impôts directs de l'année courante.

"Mais si les recouvrements réalisés sur les revenus affectés à la Dette Unifiée se trouvent insuffisants, il ne conviendrait de prélever sur les ressources générales du Trésor le complément de la somme nécessaire au service de la semestrialité du 1^{er} Novembre, qu'autant que ces ressources auraient suffi à payer tout d'abord les traitements des employés, conformément au Décret du 12 Mai, 1878, et, en second lieu, les arriérés du Tribut de Constantinople.

"Telle est, M. le Président, l'expression de notre commune manière de voir relativement à la ligne de conduite à suivre dans les circonstances actuelles. Nous vous prions de vouloir bien la soumettre en notre nom à Son Altesse le Khédive, et d'agréer l'expression de notre haute considération."

Les Contrôleurs-Généraux,
(Signé) E. BARING.
E. DE BLIGNIÈRES."

No. 1481.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 10.)

(No. 573. Political.)

My Lord,

Cairo, October 31, 1879.

ON the receipt of your Lordship's telegram No. 71, on the morning of the 28th instant, I lost no time in concerting with M. Monge as to the communication to the Khedive of the draft Decree defining the attributions of the Controllers-General, and we decided to ask for an audience of His Highness for that afternoon; and in the meantime I thought it advisable that I should call upon Riaz Pasha and Moustapha Pasha Fehmy, and urge that no time should be lost in issuing and publishing the Decree.

Riaz Pasha assured me that he would gladly accept Messrs. Baring and De Blignières without any conditions at all, and said that, as long as they were the Controllers-General, he was convinced that they would work in harmony with the Ministry; but it was possible that a change of persons might take place, and it was well known that Major Baring did not intend to hold his appointment for long. His Excellency, therefore, thought that great care should be taken in defining the attributions, and there were some points in the draft which he thought might require some modification. Was it intended, he asked, that the "voix consultative" in the Council of Ministers should give the Controllers-General the right of assisting at all the discussions of the Council, or only those which concerned financial matters? What, again, was the meaning of the words "pour le moment" in the 3rd Article? If it was really intended that the Controllers should not take part in the administration, why should it not be clearly stated?

I replied that the events which had recently taken place in Egypt had given rise to a certain amount of distrust which it would naturally take some time to remove. I believed that Her Majesty's Government had confidence in the good intentions of the Khedive and the present Egyptian Government, and that, as long as this state of things continued, they would be willing that the Controllers-General should not take part in the administration. It was, however, conceivable that a change might take place, and I presumed that it was in order to guarantee to the two Governments their liberty of action, in the event of such a change, that the 3rd Article had been so worded. I then urged his Excellency to lose no time in causing the Decree to be promulgated, and I expressed the hope that the matter might be brought before the Council of Ministers as soon as M. Monge and I had made our communication to the Khedive, and that an answer might be given to us without delay. I used similar language in my conversation with Moustapha Pasha Fehmy, who said he would do what he could to avoid any delay in the settlement of the question, but that he thought it not improbable that the Council of Ministers would suggest some modifications in the wording of the Decree.

In our interview with the Khedive, M. Monge and I handed to His Highness a copy of the draft Decree, and urged His Highness to promulgate it as soon as possible. His Highness did not enter into any discussion, and promised to consult Riaz Pasha immediately. I took the opportunity of observing that the desire of the two Governments for the immediate promulgation of the Decree seemed to imply that the Controllers-General would shortly be able to come to Egypt.

Yesterday evening Moustapha Pasha Fehmy called upon me, and informed me that the Council of Ministers were prepared to accept the Decree if certain modifications were made, which he said were not intended in any way to affect the powers which it was proposed to confer on the Controllers-General, but only to preserve the dignity of the Egyptian Government; in fact, he said that these modifications were intended merely to save appearances. His Excellency assured me that if these modifications were agreed to, the Decree would be issued at once.

I had the honour, by my telegram No. 151, to inform your Lordship what these modifications were, and I have now the honour to inclose a copy of the draft Decree, with the proposed alterations noted in the margin.

I subsequently saw Riaz Pasha, who repeated to me what Moustapha Pasha Fehmy had already said, viz., that these modifications were intended to save appearances. His Excellency added that considerable criticism had been directed against the Government on account of the very extended powers which it was believed were to be conferred on the Controllers. It had therefore been thought necessary to insert the words "en matière financière" in the 1st Article, and he believed that the sense

intended to be given to that Article by the two Governments would not be altered. With regard to the omission of the words "pour le moment" and "actuellement" in Article 3, his Excellency said that if it became necessary hereafter to alter the present arrangement, the whole of the Decree would naturally fall to the ground; and that if those words were not to be omitted, it would be considered that the arrangement was only intended to be a temporary one. The other alteration in Article 3 was intended to prevent the idea that a Consultative Body was about to be established in the State outside and independent of the Government. The alteration in Article 6, he observed, was merely verbal, and defined the intention of the two Governments more clearly; and with regard to the alteration in Article 7, he said that it was only natural that the budget of so important an institution as the Control should be formally approved by the Council of Ministers.

His Excellency expressed the hope that these modifications would be accepted by the two Governments. I told him I could express no opinion on the subject, but that I would at once submit them to your Lordship by telegraph.

I believe that the Egyptian Government are sincere in their desire to act in harmony with the Controllers, and there can be no doubt that Riaz Pasha himself is most anxious that they should come to Egypt at once. I would therefore venture to suggest that it would be advisable to accept the modifications which have been proposed, as, otherwise, a feeling of discontent might be created on the part of the Ministers which might impair the cordiality which should exist between the Council of Ministers and the Controllers, without which it will be almost hopeless to expect any satisfactory result.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 1481.

Projet de Décret.

Modifications suggested by the Egyptian Government.

Attributions des Contrôleurs-Généraux.

VU notre Décret en date du 4 Septembre, 1879;

Considérant que nous nous sommes entendus avec les Gouvernements de la France et de la Grande Bretagne pour que les attributions des Contrôleurs-Généraux soient définies conformément aux dispositions réglementaires ci-après :—

Décrétons :

Article 1^{er}. Les Contrôleurs-Généraux auront les pouvoirs d'investigation les plus étendus sur tous les services publics, y compris ceux dont les recettes ont, en vertu de Décrets ou de contrats, une affectation spéciale.

Les Ministres et les fonctionnaires de tout ordre seront tenus de donner tous les renseignements et de fournir tous les documents qui leur seront demandés par les Contrôleurs-Généraux et leurs délégués.

Le Ministre des Finances notamment produira chaque semaine au Contrôle Général un relevé détaillé des recettes et des dépenses faites par la Caisse du Ministère. Chaque Administration fournira également en fin de mois un état détaillé de ses recettes et de ses dépenses.

en matière financière

Attributions des Contrôleurs-Généraux.

Modifications suggested by the Egyptian Government.

Art. 2. Les Contrôleurs-Généraux répartiront entre eux d'un commun accord les services publics sur lesquels ils auront à exercer les droits de surveillance et de contrôle qui leur sont conférés par le présent Décret.

Art. 3. Les Gouvernements de la France et de la Grande Bretagne ayant consenti à ce que pour le moment les Contrôleurs-Généraux ne prennent pas part à la direction des services administratifs et financiers, les Contrôleurs-Généraux se borneront actuellement à communiquer, soit à nous, soit à nos Ministres, les observations auxquelles leurs investigations auront donné lieu.

Ils communiqueront également à la Commission de la Dette les faits qui seraient de nature à intéresser les créanciers de la Dette Consolidée.

Ils pourront en outre se réunir en Commission avec les Commissaires de la Dette pour examiner de concert les questions sur lesquelles les Contrôleurs-Généraux, ou les Commissaires de la Dette jugeront utile de délibérer en commun.

Art. 4. Les Contrôleurs - Généraux auront rang et séance au Conseil des Ministres et y auront voix consultative.

Art. 5. A la fin de chaque année, et plus souvent s'ils le jugent nécessaire, les Contrôleurs-Généraux nous rendront compte de leurs travaux dans des Rapports qui seront publiés par leurs soins et insérés au "Moniteur Egyptien."

Art. 6. Les Contrôleurs-Généraux ne pourront être relevés de leurs fonctions qu'avec l'assentiment de leurs Gouvernements respectifs.

Ils nommeront et révoqueront les agents dont le concours leur est nécessaire et fixeront le montant de leur traitement.

Art. 7. Le Budget du Contrôle sera arrêté par les Contrôleurs-Généraux. Le montant des crédits sera mis à leur disposition chaque mois par douzième dans les conditions déterminées par le Décret du 12 Mai, 1878, pour le traitement des fonctionnaires.

Omit.

Omit.

et pour ces mêmes faits

et les employés du Contrôle

et approuvé par le Conseil des Ministres.

No. 1483.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 10.)

(No. 575. Political. Confidential.)

My Lord,

MR. COLVIN has informed me that M. Baravelli, the Italian member of the Commission of the Debt, has called the attention of his colleagues to the advisability of their taking some measures in view of the delay in the arrival of the Controllers-General, by which the guarantees granted to the creditors of Egypt were greatly impaired.

Cairo, October 31, 1879.

M. Baravelli therefore thought that the Commissioners of the Debt should make a representation to the Egyptian Government to ask whether the arrival of the Controllers-General might shortly be expected, and if not what provision could be made for completing the guarantees granted to the creditors.

It appears that M. Kremer, the Austrian member of the Commission, seconded M. Baravelli's proposal, and suggested that the duties of the Control might be intrusted to the Commission of the Debt until the Controllers-General arrived.

The English and French members pointed out that, although the Commission had not been officially informed, it was well known that a Decree was being prepared defining the attributions of the Controllers-General, and that it would in any case be better to wait until this Decree was issued before taking any steps in the matter.

A certain amount of delay has thus been gained, but if, after this Decree has been issued, no positive assurances can be given as to the arrival of the Controllers, it is probable that the question will again be brought forward. The Decree does not contain any provision for the performance of the duties of the Controllers-General during their absence, and it might be difficult to oppose M. Kremer's suggestion that those duties should be provisionally intrusted to the Commission of the Debt, which would have the effect of placing the control in the hands of gentlemen of four different nationalities, and might furnish an argument for the establishment of an International Control in Egypt.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1484.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 10.)

(No. 576. Political.)

My Lord,

Cairo, October 31, 1879.

WITH reference to my despatch No. 563, Political, of the 23rd instant, I have the honour to inform your Lordship that M. Schaeffer, the Austrian Agent and Consul-General, has told me that he has received a telegram from his Government approving the action he has taken with regard to the Rothschild Decree, and adding that the negotiations on the subject had not yet been concluded.

Mustapha Pasha Fehmy has informed me that M. de Martino, the Italian Agent and Consul-General, has addressed a note to him saying that the Italian Government reserve their assent to the Decree until the 4th Article, proposed by M. Schaeffer, shall have been accepted, as well as the modification suggested by M. Treskow, the German Acting Agent and Consul-General, with regard to the wording of the 3rd Article, which he proposed should run as follows:—

"Article 3. Le solde disponible de l'Emprunt Domianial devant être entièrement et exclusivement employé au règlement de la dette flottante Egyptienne."

It does not appear to me that this form of words makes any difference in the sense of the Article as it now stands.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1485.

Mr. Egerton to the Marquis of Salisbury.—(Received November 10.)

(No. 703.)

My Lord,

Vienna, November 4, 1879.

AFTER calling at the Austrian Foreign Office to take leave of Barons Calice and Schwegel, Messrs. Baring and Blignières left Vienna this evening for Paris, where Major Baring will await your Lordship's instructions as to whether to proceed to Egypt at once, or first to go to London to see your Lordship.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1486.

Mr. Egerton to the Marquis of Salisbury.—(Received November 10.)

(No. 705.)

My Lord,

Vienna, November 4, 1879.

AFTER calling on the French Ambassador to know whether he had received any definite instructions as to the text of the 4th Article of the Rothschild Decree, agreed to in principle by his Government, and after learning that he had not yet received them, I had an interview with Baron Haymerle.

His Excellency appeared impatient that the Rothschild Decree should be settled at once.

When I mentioned that slight changes in the text might be proposed he said he sincerely hoped this would not be the case, as it was most important to get this question—which chiefly interested Austria—finished.

He then spoke of his wish to be well with England, of his great gratitude to your Lordship, of his willingness to modify the hastily-sketched Austrian proposals, of his having no concealed aims, and no wish to pull the chestnuts out of the fire for Italy.

The impression left on my mind by what his Excellency said was that he was combatting rather for the form than for the matter, that he would ultimately yield the proposed third Controller-General, the Convention to be submitted to the Legislatures, and would even consent to some limitation of the proposed powers of the Commission of Control (or whatever name it be given ultimately), to whom the Controllers-General will from time to time report their proceedings. He did not describe the Commission to me, as he did to the French Ambassador, as a sort of Parliament.

However, I do not think that his Excellency has any fixed views on these points of detail; all he seems to aim at is a voice, though as small a voice as we like to make it, in the affairs of Egypt.

His argument was much as follows: England having applied to us for co-operation in Egypt, we cannot entirely be left out, but we have every reason to wish to be well with England, and to make every possible concession of detail to her which does not involve the abandonment of the principle for which we contend.

His Excellency treated the matter politically, and by no means from an Egyptian or financial point of view.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 1487.

Lord Lyons to the Marquis of Salisbury.—(Received November 10.)

(No. 1115.)

My Lord,

Paris, November 8, 1879.

I RECEIVED last night the note from M. Waddington, of which I transmit a copy to your Lordship with this despatch. It has been written in answer to the note, dated three days ago, which Mr. Adams addressed to the French Government, by your Lordship's order, on the subject of the proceedings of the Mixed Tribunals in Egypt with regard to the Daïra lands ceded as security for the Rothschild Loan.

Your Lordship will see that M. Waddington inquires whether the observations of Her Majesty's Government apply to the future exclusively, or also to the past, and that he asks for positive information as to the views of Her Majesty's Government with regard to the consequences of the overture made by Mr. Adams' note.

I have, &c.
(Signed) LYONS.

Inclosure in No. 1487.

M. Waddington to Mr. Adams.

M. le Ministre,

Paris, le 6 Novembre, 1879.

JE reçois la communication que vous m'avez fait l'honneur de m'adresser sous la date d'hier, et qui est relative à l'arrêt par lequel la Cour d'Appel d'Alexandrie a

maintenu la validité des hypothèques prises par des créanciers autres que MM. de Rothschild, sur les biens domaniaux cédés par les Princes de la famille du Khédive pour servir spécialement de gage à l'emprunt contracté avec MM. de Rothschild.

Dans cette note vous exposez avec beaucoup de force les arguments de fait et d'équité qui devaient empêcher que ces biens domaniaux, placés en quelque sorte sous la garde de la France et de l'Angleterre, puisque ces deux Puissances ont consenti à en instituer les Administrateurs séquestres, ne fussent détournés de l'affectation particulière qui avait été la condition déterminante de leur cession et appliqués à une garantie d'un ordre tout différent.

Vous estimez qu'une regrettable confusion s'est produite et vous en attribuez la cause au tort que l'on a eu de permettre aux Tribunaux Mixtes de l'Egypte d'intervenir dans les questions de dette publique. Enfin vous demandez si le Gouvernement Français partage la manière de voir que vous avez bien voulu me développer et s'il serait d'avis que des restrictions fussent apportées aux pouvoirs des Tribunaux Mixtes.

Avant de répondre à cette question je crois indispensable de vous demander de mon côté de vouloir bien préciser quelques points dont l'incertitude laisse des doutes dans mon esprit sur les suites qui devraient résulter du concert proposé entre nos deux Gouvernements. Dans le cas, en effet, où nous serions d'accord pour reconnaître la nécessité de restreindre les pouvoirs des Tribunaux Egyptiens, cette limitation des droits exercés jusqu'à ce jour par la magistrature mixte devrait-elle s'appliquer exclusivement à l'avenir et se confondre ainsi avec la révision générale des conditions de la réforme judiciaire, que les Puissances se sont réservée la faculté de provoquer à toute époque ? Aurait-elle au contraire une force rétroactive et devrait-elle être conçue comme une déclaration portant que les Tribunaux ont outrepassé leur droit et méconnu les principes dont s'inspirent les Puissances de qui ils tiennent leur investiture ? Les conclusions déduites dans votre note sembleraient aboutir logiquement à ce second mode de procéder.

Cependant, les résultats pratiques d'une semblable déclaration pourraient être assez graves, au moment où nous venons de concéder à l'Autriche l'adoption d'un texte qui implique à ses yeux la garantie formelle de la validité des hypothèques consacrées par la jurisprudence de la Cour d'Alexandrie. Il est donc naturel que nous attachions beaucoup de prix à être renseignés d'une manière positive sur l'étendue des conséquences que le Gouvernement Anglais attache à l'ouverture que vous avez été chargé de me faire, et je vous serai reconnaissant de vouloir bien m'éclairer à cet égard.

Agréé, &c.
(Signé) WADDINGTON.

No. 1488.

Mr. Malet to the Marquis of Salisbury.—(Received November 10.)

(No. 158.)
(Telegraphic.)

Cairo, November 10, 1879.

M. MONGE has been instructed to accept emendation proposed [?] by Egyptian Government.

M. Monge and I have decided not to act on our instructions until further orders.

No. 1489.

Mr. Malet to the Marquis of Salisbury.—(Received November 10.)

(No. 159.)
(Telegraphic.)

Cairo, November 10, 1879.

ROTHSCHILD Decree. Minister for Foreign Affairs informs me that Austrian Agent says Germany accepts 4th Article, but desires to change first part of Article 3, down to first comma, by substituting the following words:—

"Le solde disponible devant être entièrement et exclusivement employé au règlement de la Dette Flottante Egyptienne, le Gouvernement," &c.

On the other hand, his Excellency states that the German Acting Agent says that he has received no precise instructions on the subject.

His Excellency says Decree might have been issued to-day but for this incident. He is anxious to know whether, if the German insists on the alteration, Her Majesty's Government consent.

No. 1490.

Mr. Malet to the Marquis of Salisbury.—(Received November 10.)

(No. 160.)
(Telegraphic.)

MY telegram No. 158.

Cairo, November 10, 1879.

Something seems to have leaked out as to divergence of instructions received by M. Monge and me, for the Minister for Foreign Affairs asked me to beg your Lordship to accept his emendation, if correct, in order to save the credit of the Government with the Mussulmans, who, not seeing the explanatory note, will, he says, regard Decree, as it stands, as an unwarrantable concession.

No. 1491.

The Marquis of Salisbury to Mr. Malet.

(No. 79.)
(Telegraphic.)

Foreign Office, November 10, 1879, 5.30 P.M.

ROTHSCHILD'S tell us they hear from Cairo that Austrian and German Agents want the words "et exclusivement" inserted after "entièrement" in Article 3 of Rothschild Loan Decree, and the word "flottante" substituted for "non-consolidée."

I concur, and trust that new Decree will be proceeded with at once.

Have told Her Majesty's Representatives at Paris, Vienna, Berlin, Rome.

No. 1492.

The Marquis of Salisbury to Mr. Malet.

(No. 306.)
Sir,

Foreign Office, November 10, 1879.

MESSRS. ROTHSCCHILD'S Agent at Cairo has informed them that the Representatives of Austro-Hungary and Germany press for the insertion, after the word "entièrement" in Article 3 of the Rothschild Loan Decree, of the words "et exclusivement," and that the word "flottante" shall be substituted for "non-consolidée."

I have informed you by telegraph that I concur in both these emendations, and that I trust the Decree will be at once proceeded with. I have also addressed a similar communication to Her Majesty's Representatives at Paris, Vienna, Berlin, and Rome.

I am, &c.
(Signed) SALISBURY.

No. 1493.

Mr. Egerton to the Marquis of Salisbury.—(Received November 11.)

(No. 715.)
My Lord,

Vienna, November 7, 1879.

I LEARN to-day from Baron Schwegel that the Italian Government accepts the text of Article 4 of the Rothschild Decree as proposed by the French Ambassador and myself, as well as the preamble added by Germany to the 3rd Article, to which addition the Controllers-General attached no importance, and to which the French Ambassador and I had assented.

Baron Schwegel, however, tells me that up to the present he has received no answer from Berlin.

I have, &c.
(Signed) EDWIN H. EGERTON

P.S. November 8, 1879.—I have just learnt from Baron Schwegel that the German Government has acceded also to the proposed text.

E. H. E.

No. 1494.

Count Károlyi to the Marquis of Salisbury.—(Received November 11.)

(Confidential.)

Dear Lord Salisbury,

Belgrave Square, November 10, 1879.

I HAVE received a despatch from Baron Haymerle referring to the negotiations and *pourparlers* with Messrs. Baring and de Blignières at Vienna on the Egyptian question.

The negotiations had the Rothschild Decree for their object, and my Government now believe that question to be settled, as we have accepted Article 4 in the form proposed by the English and French Delegates, and as they have no doubt that England, as well as the other Powers, will agree to the German amendment to Article 3.

The question of the Commission of Liquidation and Control was also ventilated between my Government and Messrs. Baring and de Blignières; but as these gentlemen declared that they were not empowered to negotiate on these matters in the name of their respective Governments, the discussion took the form of confidential *pourparlers*. The views of the Imperial and Royal Government were fully communicated to the two above-mentioned gentlemen, and they undertook to bring these views to the knowledge of their respective Governments, whose answers were to be communicated to the Cabinet of Vienna through the ordinary diplomatic channels, as Messrs. Baring and de Blignières were precluded from awaiting further instructions at Vienna, not being able to postpone their departure for Egypt any longer.

Baron Haymerle has hitherto not been made aware, either by the French Ambassador or by the British Chargé d'Affaires, of the answer of their Governments to our proposals.

I hope to meet your convenience in communicating to you, as an aide-mémoire, an exposé of these proposals and of our views, of which Mr. Baring must already have given you information.

The Imperial and Royal Government are anxious to recognize, to their full extent, the preponderating interests of England and France in Egypt, but at the same time they must not lose sight completely of their own interests in that country.

Believe me, &c.

(Signed) KAROLYI.

Inclosure in No. 1494.

Memorandum communicated to the Marquis of Salisbury by Count Károlyi, November 10, 1879.

THE views of the Imperial and Royal Government on the subject of a Commission of Liquidation, as stated in previous communications, are that the said Commission ought, in order fully to attain its purpose, to be invested with a certain measure of control.

The march of events in Egypt, and the improved knowledge of the views entertained by the Western Powers, which the Imperial and Royal Cabinet have derived from the late *pourparlers* with Messrs. Baring and de Blignières, have already modified to a certain extent the proposals which were previously put forward by my Government.

During the progress of the above *pourparlers* Baron Haymerle became aware, through a source in Cairo, that the issuing of a new Viceregal Decree was there being ventilated, which was to modify the Decree of the 18th November, 1876, and to increase the powers vested by that Decree in the Comptrollers-General. This increase, according to the information of the Imperial and Royal Government, was to consist in giving the Comptrollers-General a deliberative voice in the Council of Ministers and in conceding to them the right to depose the administrative officers of the

Egyptian Government. Messrs. Baring and de Blignières, whilst asserting that they were not aware of any intentions in the latter direction, corroborated the former statement, with the addition that a sort of right of supervision over the administration of Egypt was to be vested in themselves.

These explanations necessitated a modification of the proposals embodied in the Kremer Memorandum, as the creation anew of Comptroller-Generals had not been contemplated when that document was drawn up.

Such modification might be achieved in either of the two following ways:—

Either the new order of things is to centre in the Comptrollers-General. In this case the Imperial and Royal Government would think it necessary that a third Comptroller-General should be added to the Englishman and the Frenchman. This one Comptroller, who would represent, as it were, collectively the interests of the three other Powers in the Commission of Liquidation, would in turn be the German, Italian, or Austro-Hungarian Delegate on that Commission. These three Comptrollers-General would then act as a sort of Executive Committee of the Commission of Liquidation, the Western Powers having, as those most interested, two voices to the one collective one of the three other Powers.

In this case we should see no difficulty in restricting the scope of the Commission of Liquidation.

Or, on the other hand, the Comptroller-Generalship will remain limited to England and France.

In this eventuality the three other Powers would only be represented on the Commission, and it would be all the more necessary to widen its scope.

November 10, 1879.

No. 1495.

The Marquis of Salisbury to Mr. Malet.

(No. .)

(Telegraphic.)

Foreign Office, November 11, 1879, 1 P.M.

YOURS No. 159.

We consent, if Germany presses, and if France consents; but on the understanding, which you had better state to Riaz, that the native employés to whom arrears are due are included among creditors of the floating debt.

No. 1496.

The Marquis of Salisbury to Mr. Malet.

(No. 81.)

(Telegraphic.)

Foreign Office, November 11, 1879, 1.15 P.M.

YOURS No. 160.

It is impossible for us to accept emendation proposed by Riaz. If it has any meaning at all, it will deprive Controllers of functions which are not administrative. Adhere to our original wording.

No. 1497.

Sir A. Paget to the Marquis of Salisbury.—(Received November 11, 3 P.M.)

(No. 88.)

(Telegraphic.)

Rome, November 11, 1879, noon.

ITALIAN Government agree to changes in Rothschild Loan Decree mentioned in your Lordship's telegram No. 68 of yesterday, and will send in instructions accordingly.

No. 1498.

The Marquis of Salisbury to Mr. Malet.

(No. 308.)

Sir,

Foreign Office, November 11, 1879.

YOUR telegram No. 159 of yesterday arrived at the Foreign Office shortly after the dispatch of my message No. 79, to which reference is made in my despatch No. 306.

I have replied to you this afternoon that if Germany presses for, and France gives her consent to, the alterations suggested in Article 3 of the Rothschild Loan Decree, Her Majesty's Government will raise no objections. But this assent on their part is dependent on its being understood that the native employés to whom arrears of salary are due are included under the designation of creditors of the Floating Debt, and you should state this clearly to Riaz Pasha.

I am, &c.
(Signed) SALISBURY.

No. 1499.

The Marquis of Salisbury to Mr. Malet.

(No. 310.)

Sir,

Foreign Office, November 11, 1879.

I HAVE received your telegrams Nos. 158 and 160 of yesterday's date, stating that the Egyptian Government press for the acceptance by Her Majesty's Government of the addition proposed to them in Article 3 of the draft Decree defining the attributions of the Controllers-General.

If the words suggested by Riaz Pasha have any meaning at all, their effect will be to deprive the Controllers of any functions which are not administrative, and we cannot therefore accept the emendation proposed.

I have to instruct you accordingly to adhere to the original wording of this Article.

I am, &c.
(Signed) SALISBURY.

No. 1500.

Lord Lyons to the Marquis of Salisbury.—(Received November 12.)

(No. 1117.)

My Lord,

Paris, November 8, 1879.

HAVING seen M. Waddington this afternoon on my return to Paris, I pressed upon his attention the importance of proceeding speedily to the settlement of the questions pending with regard to Egypt.

M. Waddington said that he would send to-day instructions to the French Agent at Cairo to urge that the Rothschild Loan Decree should be immediately issued. The French wording of the 4th Article of that Decree had, he told me, been already agreed to by the Governments of Austria and Italy, and there was no doubt that it would be agreed to by Germany also.

M. Waddington went on to say that he was surprised at not having yet received any answer from the Egyptian Government about the Decree specifying the attributions of the English and French Controllers, and that he had yesterday directed the French Agent, by telegraph, to remonstrate against the delay in issuing this Decree.

Finally, M. Waddington spoke of the proposed Liquidation Commission. The establishment of this Commission was, he said, impeded by the pretensions put forward by Austria. He was very strongly of opinion that France and England should firmly resist these pretensions. He thought that the delay which might be thus occasioned would be a less evil than acquiescence in the exercise by Austria of an intervention in the affairs of Egypt wholly out of proportion with her interests in that country.

I have, &c.
(Signed) LYONS.

No. 1501.

Lord Lyons to the Marquis of Salisbury.—(Received November 12.)

(No. 1123.)

My Lord,

Paris, November 10, 1879.

I HAVE to-night had the honour to receive your Lordship's telegram of this evening respecting alterations proposed by the German and Austrian Agents at Cairo in the proposed Rothschild Loan Decree.

I have the honour to inclose a copy of a letter in which I have communicated to M. Waddington the substance of the telegram in question.

I have, &c.
(Signed) LYONS.

Inclosure in No. 1501.

Lord Lyons to M. Waddington.

My dear M. Waddington,

Paris, November 10, 1879.

I HAVE just received a telegram from Lord Salisbury, in which he informs me that he learns from Messrs. Rothschild that they hear from Cairo that the German and Austrian Agents desire that in Article 3 of the Rothschild Loan Decree the words "et exclusivement" may be inserted after "entièrement," and the word "flottante" be substituted for "non-consolidée."

Lord Salisbury has informed Mr. Malet by telegraph that he agrees to these alterations, and trusts that the Decree will be proceeded with at once.

Pray excuse my troubling you at this late hour, and believe me to be, &c.

(Signed) LYONS.

No. 1502.

Lord Lyons to the Marquis of Salisbury.—(Received November 12.)

(No. 165.)

(Telegraphic.)

Paris, November 11, 1879.

WITH reference to your telegram of the 9th, No. 192, French Consul-General at Cairo reports to French Minister for Foreign Affairs that you have instructed Malet to reject Egyptian amendments to the Controllers' Attribution Decree, but to consent to written official note. French Minister for Foreign Affairs will telegraph similar instructions to French Consul-General.

With reference to your telegram of yesterday, No. 200, French Minister will telegraph to French Consul-General to accept amendments of the German and Austrian Agents to the Rothschild Loan Decree.

No. 1503.

Mr. Malet to the Marquis of Salisbury.—(Received November 12, 5:30 P.M.)

(No. 161.)

(Telegraphic.)

Cairo, November 12, 1879, 4:50 P.M.

CONTROLLERS' Decree.

M. Monge has now received instructions to insist upon original form of Article No. 3, and to agree with me on the terms of a joint explanatory note to be addressed to the Minister for Foreign Affairs.

No. 1504.

Mr. Malet to the Marquis of Salisbury.—(Received November 12.)

(No. 162.)

(Telegraphic.)

Cairo, November 12, 1879.

ROTHSCHILD Decree and your No. 80.

Riaz accepts condition, and I have stated it in a note verbale.

The Marquis of Salisbury to Count Károlyi.

(Confidential.)

Dear Count Károlyi,

Foreign Office, November 12, 1879.

I AM much obliged to you for your letter of the 10th November, inclosing a memorandum from Baron Haymerle with reference to the Egyptian negotiations. As I understand from you that I am likely to receive another communication from the Austro-Hungarian Government in the present week, I will not make any comment now on the memorandum, and, indeed, I could add nothing to the despatches which I have already placed in your hands. I will only, therefore, say that we entirely sympathize with the general policy indicated in the closing sentence of your letter.

Believe me, &c.

(Signed) SALISBURY.

No. 1506.

Mr. Malet to the Marquis of Salisbury.—(Received November 13, 5.10 P.M.)

(No. 163.)

(Telegraphic.)

Cairo, November 13, 1879, 3.30 P.M.

CONTROLLERS Decree. M. Monge and I have drawn up the following note to the Minister for Foreign Affairs:—

"To avoid all misunderstanding which might arise regarding meaning of the bearing of Article 3 of the draft Decree relating to the attributes of Controllers-General, we are authorized to declare in the names of our Governments that the words 'pour le moment' and 'actuellement' have only been inserted in order to establish the possibility of an eventual return to the 'dispositions' contained in the Decree of the 18th November, 1876, relative to the attributes of the Controllers-General."

Riaz accepts the above, and the Decree might have been signed to-day, but I did not feel myself authorized to sign the note before submitting it to your Lordship. May I sign it?

No. 1507.

Lord Lyons to the Marquis of Salisbury.—(Received November 14.)

(No. 1126.)

My Lord,

Paris, November 11, 1879.

BY your telegram of yesterday (No. 200), your Lordship made me acquainted with certain amendments proposed by the Austrian and German Agents at Cairo in the 3rd Article of the draft Decree respecting the Rothschild Loan; and your Lordship informed me that you had let Mr. Malet know that you concurred in these amendments, and that you hoped the Decree would be issued at once.

M. Waddington told me this afternoon that he would telegraph to M. Monge, the French Agent, instructions to accept the amendments in question.

M. Waddington proceeded to read to me a telegram which he had received from M. Monge on the subject of the amendments proposed by Riaz Pasha in the Controllers' Attributions Decree.

The telegram stated that Mr. Malet had received instructions from your Lordship to reject these amendments, but to consent to write to Riaz Pasha a note containing an explanation which had been given in a previous telegram from your Lordship to Mr. Malet.

M. Monge's telegram proceeded to say that the explanation to which Riaz Pasha referred was that to adopt the amendments would be to abandon the Decree of November 1876.

After some further conversation, M. Waddington agreed to send to M. Monge instructions on this matter similar to those which had been sent by your Lordship to Mr. Malet.

I have, &c.

(Signed) LYONS.

Lord Lyons to the Marquis of Salisbury.—(Received November 14.)

(No. 1127. Very Confidential.)

My Lord,

Paris, November 11, 1879.

M. WADDINGTON told me this evening that, in consequence of an invitation from Prince Bismarck, the Comte de St. Vallier, the French Ambassador at Berlin, was to go to-day to spend a few days with his Highness at Varzin. M. Waddington proceeded to desire me to inform your Lordship, in strict confidence, that he had directed M. de St. Vallier to make the Prince understand distinctly the views of the French Government respecting the pretensions put forward by Austria with regard to Egypt.

To the best of my recollection the language which M. de St. Vallier was instructed to hold to Prince Bismarck was to the following effect:—

France had laid down as a condition of her attending the Congress at Berlin, that the question of Egypt should not be brought into discussion. She had steadily refused to admit that the affairs of Egypt should be treated by the Powers in general. The interests of France and of England in Egypt were so far greater than those of other Powers, and so peculiar, that it was impossible to admit any other Powers to an equal share of influence in that country.

France had not disputed, in other cases, the principle that the nature and preponderance of the interests of a particular country entitled it to a special position with regard to the territory in which those interests were involved. For instance, she had never made the smallest attempt to interfere with Austria in Bosnia, or to cause her any embarrassment there. She was entitled to equal consideration from Austria with regard to Egypt.

Nevertheless, Austria had laid claim to a position in Egypt which France could never consent to her occupying. In the recent negotiations on Egyptian affairs at Vienna, France and England had made great concessions to Austria, but it must be understood that the extreme limit of such concessions had been reached; France could go no further in this direction.

Having given me this account of his instructions to M. de St. Vallier, M. Waddington said that the Ambassador was directed to make the views of the French Government known to Prince Bismarck in the most confidential and conciliatory manner, but at the same time to make them quite clear to his Highness.

I have, &c.

(Signed) LYONS.

No. 1509.

*The Marquis of Salisbury to Mr. Malet.**

(No. 84.)

(Telegraphic.)

Foreign Office, November 14, 1879, 12.10 P.M.

I APPROVE of your signing note mentioned in No. 163 if French Government also approves.

No. 1510.

The Marquis of Salisbury to Lord Lyons.

(No. 1367.)

My Lord,

Foreign Office, November 14, 1879.

I HAVE received your Excellency's despatch No. 1115 of the 8th instant, inclosing a copy of a note from M. Waddington, in answer to the one addressed by Mr. Adams to the French Government, on the subject of the proceedings of the Mixed Tribunals in Egypt with regard to the Daira Lands ceded as security for the Rothschild Loan.

In answer to M. Waddington's inquiry as to the precise application which we desire to give to the considerations submitted to him in that note, I may observe that the general agreement on the terms of the Rothschild Decree makes it unnecessary to discuss any further the conduct which it would have been expedient to observe if the negotiations upon that point had failed.

* Repeated to Paris.

With respect, however, to the renewal of the powers of the Courts, the considerations which Her Majesty's Government have urged appear to them to deserve the careful attention of the French Government.

I am, &c.
(Signed) SALISBURY.

No. 1511.

The Marquis of Salisbury to Mr. Malet.

(No. 314.)
Sir,

Foreign Office, November 14, 1879.

I HAVE received your telegram No. 163 of yesterday giving the substance of the note as drawn up by M. Monge and yourself, which it is proposed to place in the hands of Riaz Pasha, in explanation of the insertion by the British and French Governments of the words "pour le moment" and "actuellement" in the 3rd Article of the Controllers' Decree; and I have informed you in reply that, provided the terms of the note are also approved by the French Minister for Foreign Affairs, I authorize you to sign it.

I am, &c.
(Signed) SALISBURY.

No. 1512.

Mr. Lascelles to the Marquis of Salisbury.—(Received November 15.)

(No. 580. Political.)
My Lord,

Cairo, November 4, 1879.

IN an interview which I had with the Khedive on the 2nd instant, His Highness informed me that it had been decided to reappoint Mr. Fitzgerald provisionally to the post which he had formerly held in the Ministry of Finance. His Highness added that it had also been decided to reappoint Blum Pasha, who had been "Sous-Ministre des Finances" under Mr. Rivers Wilson.

I expressed to His Highness my satisfaction at being able, before I gave up the charge of Her Majesty's Agency and Consulate-General, to report to your Lordship that Mr. Fitzgerald had been reappointed, and that I was convinced that both he and Blum Pasha would be able to render important services to Egypt.

In a conversation which I subsequently had with Riaz Pasha, his Excellency informed me that it would be necessary to submit the question of the appointment of these gentlemen to the Council of Ministers, and, although he did not anticipate any opposition on the part of his colleagues, he begged me to keep the matter secret until it had been formally concluded.

I have, &c.
(Signed) FRANK C. LASCELLES.

No. 1513.

Mr. Malet to the Marquis of Salisbury.—(Received November 15.)

(No. 584. Political.)
My Lord,

Cairo, November 6, 1879.

MR. ROWSELL, the English Administrator of the Domains, has informed me that about ten days ago he and his colleagues addressed a letter to Messrs. Rothschild and to the Egyptian Government, asking the opinion of each as to the disposal of the money in their hands on account of the coupon on the Rothschild Loan due on the 1st proximo.

Mr. Rowsell stated that Messrs. Rothschild had replied by demanding that the money should be remitted to them, but that the Egyptian Government, considering that only a small portion of the loan has as yet been received by them, and that the first coupon on the loan for which Messrs. Rothschild retained the money out of the first instalment of the loan has not been paid to the subscribers, appeared to contest the claim of Messrs. Rothschild that the money should be paid to them.

Under these circumstances, the administrators of the domains, who consider themselves as trustees, have felt bound to place the money in the safest possible place pending the settlement of the question between M. Rothschild and the Egyptian Government, and have therefore opened an account current with the Bank of England, to whom they propose remitting the money, which amounts to 220,000l. sterling.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1514.

Mr. Malet to the Marquis of Salisbury.—(Received November 15.)

(No. 585. Political.)

My Lord,

Cairo, November 7, 1879.

WITH reference to Mr. Lascelles' despatch No. 568, Political, of the 25th ultimo, I have the honour to inclose a copy of the Report of the Custom-house Commission of Inquiry which has been sent to me by Riaz Pasha.

The length of this Report renders it impossible for me to have it copied before the departure of this mail, and I have, therefore, the honour to inclose the copy which I have received from the Ministry of Finance.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure 1 in No. 1514.

Rapport.

M. le Ministre,

Alexandrie, le 29 Septembre, 1879.

J'AI l'honneur d'adresser à votre Excellence un Rapport préliminaire et provisoire, au nom de la Commission chargée de procéder à une enquête relative à certaines questions intéressant l'Administration des Douanes. Je dois exprimer à votre Excellence le regret de la Commission de ne pas pouvoir, pour les raisons qui seront indiquées plus loin, donner pour le moment une réponse définitive sur tous les points énoncés par votre Excellence dans sa lettre du 20 Août, comme demandant une solution immédiate, et qui doivent seuls former l'objet de ce premier Rapport.

2. Conformément aux intentions du Conseil des Ministres, la Commission s'est rassemblée le 23 Août, et s'est d'abord occupée du premier des deux chefs d'enquête indiqués dans la lettre de votre Excellence.

Ce premier chef se rapportait au refus imputé à Mr. Archer Shee, Inspecteur-Général des Douanes, à obéir à certaines ordres qui lui avaient été donnés par Mr. Scrivenor, Directeur-Général, en exécution d'une décision par laquelle son Excellence le Ministre des Finances avait ordonné le licenciement de M. Saba Bey, Directeur des Douanes à Port Saïd. La Commission avait pour mission d'examiner cette question de manière à pouvoir déterminer à qui incombait la responsabilité de cet incident, soit en ce qui concernait le fait de désobéissance imputé à Mr. Shee, soit en ce qui concernait les désordres qui avaient pu résulter du dit incident dans l'Administration des Douanes. La Commission était priée par votre Excellence de lui adresser, le plus tôt possible, son Rapport sur cette première question, et d'aborder ensuite, en y consacrant plus de temps, la seconde question relative à la marche générale de l'Administration des Douanes.

3. A la troisième séance de la Commission, le 27 Août, l'un de ses membres, Morice Pacha, lui a soumis une lettre par laquelle il lui faisait connaître qu'à son avis il était impossible d'examiner, si on ne voulait porter préjudice à l'Inspecteur-Général, le premier point de l'enquête, sans s'occuper en même temps du second: il ajoutait qu'il devait en être d'autant plus ainsi que, dès la première séance, l'Inspecteur-Général avait lui-même protesté contre cette manière d'agir, et que de son côté, il avait formulé des accusations contre le Directeur-Général qui rentreraient plus naturellement dans le deuxième chef d'enquête indiqué par votre Excellence. Morice Pacha pensait qu'en bonne justice pour chacun des deux fonctionnaires intéressés, on ne pouvait envisager cette affaire et en faire l'objet d'un Rapport, qu'en la considérant dans son ensemble. A la suite de ces observations, la Commission, par son ordre du

our du 27 Août, a décidé qu'elle devait envisager d'abord le premier chef indiqué par votre Excellence, et en faire rapport, et ce en examinant, en même temps, le second chef dans la mesure nécessaire pour éclairer le premier. La Commission ajoutait que pour le cas où toutes les questions soulevées par le premier chef ne lui paraîtraient pas pouvoir être résolues d'une manière définitive sans que le second chef soit examiné, elle en informerait votre Excellence, et ferait son Rapport sous toutes réserves de nature à sauvegarder chacun des deux fonctionnaires contre un jugement définitif, avant que l'enquête n'ait été terminée.

4. La Commission en ayant fini avec l'examen du premier chef de l'enquête, elle a cru, à la majorité de 6 voix sur 8, ne pouvoir faire à votre Excellence son Rapport sur ce premier point, que sous les réserves indiquées dans le procès-verbal du 27 Août.

Les motifs sur lesquels la majorité s'est fondée à cet égard, seront détaillés plus loin, mais la Commission a cru qu'il convenait d'exposer dès à présent à votre Excellence les raisons pour lesquelles la majorité a cru devoir donner au présent Rapport un caractère provisoire.

Votre Excellence comprendra ainsi, que si le présent Rapport porte sur toutes les questions qui se réfèrent au chef premier, autant qu'elles sont actuellement communes, cependant la majorité de la Commission ne croit pas actuellement pouvoir se prononcer sur toutes les considérations et circonstances qui se rapportent à l'appréciation de la conduite de Mr. Shee.

5. Sous le bénéfice de ces observations et réserves préliminaires la Commission va maintenant exposer à votre Excellence les faits tels qu'ils résultent de l'enquête sur le premier chef, avec les explications respectives du Directeur-Général et l'Inspecteur-Général, et l'opinion de la Commission sur le mérite de ces explications.

6. Le 5 Août, le Directeur-Général écrivait à l'Inspecteur-Général une lettre par laquelle il l'informait que, d'après les ordres de son Excellence Ismaïl Pacha Ayoub, alors Ministre des Finances, il avait licencié M. Saba Bey, Directeur de la Douane de Port Saïd, et placé en cette qualité sous les ordres immédiats de l'Inspecteur-Général. Le Directeur-Général donnait en conséquence à ce dernier l'ordre de se rendre immédiatement à Port Saïd, accompagné par l'Inspecteur des Douanes à Alexandrie, ou un autre chef de service, afin de vérifier la Caisse, et de prendre les mesures nécessaires pour assurer la marche régulière des affaires. Il envoyait en même temps à l'Inspecteur-Général une copie d'une lettre qu'il avait adressée à Saba Bey, l'informant que par ordre du Ministre des Finances il était relevé de ses fonctions, et que son licenciement daterait du jour de son remplacement; il ajoutait que quant aux détails d'exécution, Saba Bey aurait à obéir aux instructions de l'Inspecteur-Général. Le Directeur-Général n'ayant reçu de l'Inspecteur-Général aucune réponse à cette lettre, il lui écrivit de nouveau le jour suivant, 6 Août, à 7 heures du soir, en le priant de lui répondre par le porteur même de sa lettre; il lui demandait quelles dispositions il avait prises pour l'exécution de ses ordres, et il ajoutait qu'il avait averti le Ministère du retard que l'Inspecteur avait mis à lui répondre.

Le soir même, à 9 heures et demie, Mr. Archer Shee répondit que les dispositions qu'il avait prises "relativement à cette grave et importante affaire n'étaient pas encore complétées, mais qu'il espérait pouvoir l'informer de ce qu'il avait fait dès le lendemain matin." A la suite de cette lettre le Directeur-Général, après avoir obtenu l'assentiment du Président du Conseil des Ministres, passa outre, et prit entièrement l'affaire en main; il en fit part à l'Inspecteur-Général à la date du 7 Août, en l'invitant à ne plus prendre aucune initiative à ce sujet.

Dans l'intervalle, le 6 Août, c'est-à-dire le jour qui avait suivi l'ordre à lui donné, de se rendre à Port Saïd, Mr. Archer Shee écrivait deux lettres à Son Altesse le Khédive.

Dans l'une d'elles il protestait contre le licenciement de Saba Bey, comme étant un acte d'injustice de nature à discréditer l'Administration, et il demandait pour Saba Bey le bénéfice d'une enquête. Dans la seconde, il demandait qu'une enquête soit faite sur l'Administration des Douanes, et il s'exprimait dans les termes les plus graves, disant, notamment, que les scandales auxquels donnait lieu la gestion du Directeur-Général, étaient tels qu'il ne pouvait plus permettre que son nom fut associé à cette Administration; il ajoutait que tout entente entre le Directeur-Général et lui était devenue impossible. Le même jour, 6 Août, il préparait des copies de ces deux lettres au Khédive, pour les envoyer au Directeur-Général; le lendemain, 7 Août, il présentait lui-même ses lettres à Son Altesse, auprès de laquelle, à ce qu'il dit, il n'avait pu être admis la veille, 6 Août.

L'Inspecteur-Général sortit de cette audience croyant, d'après ce qu'il affirme, que

Son Altesse lui avait donné l'autorisation de rester à Alexandrie, en désobéissant sur ce point aux ordres du Directeur-Général; il avait représenté à cet effet au Vice-Roi que dans les circonstances actuelles il était nécessaire qu'il ne s'absentât pas d'Alexandrie.

7. Tels sont, en résumé, les faits de l'affaire: il en résulte que les trois points suivants s'imposent à l'attention, et c'est autour de ces trois points que convergent les explications présentées, de part et d'autre, à la Commission:—

(1.) Le Directeur-Général a traité l'affaire du licenciement de Saba Bey, sans avoir saisi au préalable l'Inspecteur-Général, chef immédiat de ce fonctionnaire, qui n'a appris ce licenciement que lorsque la décision prise à cet égard était un fait accompli, et qu'il était trop tard pour faire des observations.

(2.) L'Inspecteur-Général, au lieu d'obéir de suite aux ordres du Directeur-Général, a différé d'agir, et a sollicité une audience de Son Altesse le Khédive, dans le but de lui soumettre des plaintes contre le Directeur-Général, de demander une enquête sur la conduite de Saba Bey en protestant contre son licenciement; et d'obtenir l'autorisation de rester à Alexandrie, en désobéissant aux ordres du Directeur-Général.

(3.) L'Inspecteur-Général a mis en question les ordres du Ministre des Finances, au mépris des règles hiérarchiques en faisant un appel direct au Vice-Roi, contre les ordres du Ministre licenciant Saba Bey; et en protestant contre ces ordres en termes irrespectueux.

C'est au Directeur-Général qu'il incombe de répondre sur le premier point, et à l'Inspecteur-Général sur les deux autres.

La Commission se propose d'examiner successivement chacun de ces trois points, et de cet examen résultera la compréhension de l'affaire tout entière, autant que cela est possible, sans entrer dans le domaine du second chef d'enquête. Il en ressortira en même temps, par quels motifs la majorité de la Commission ne croit pas pouvoir porter d'ores et déjà un jugement définitif sur la responsabilité de chacun des deux fonctionnaires en cause.

8. Le Directeur-Général explique par les deux raisons suivantes, qu'il a cru ne pas devoir informer l'Inspecteur-Général des mesures prises vis-à-vis de Saba Bey:—

(1.) Il dit qu'en sa qualité de Directeur-Général il avait le droit de licencier quelqu'employé que ce soit, sans en aviser l'Inspecteur-Général; il ajoute qu'il a cru d'autant plus devoir user de son droit dans l'affaire actuelle qu'il y avait urgence.

(2.) Il prétend qu'il n'a pas licencié lui-même Saba Bey, mais qu'il l'a simplement avisé, qu'il serait licencié, selon les règles ordinaires, par l'intermédiaire de l'Inspecteur-Général.

Sur le premier point, la Commission s'en est reportée au Règlement fait, en date du 7 Janvier, 1879, par Mr. Rivers Wilson, alors Ministre des Finances, dans le but de régler la situation respective du Directeur-Général et de l'Inspecteur-Général, et qui doit régler leurs relations hiérarchiques.

Il semble à la Commission que ce Règlement établit entre ces deux fonctionnaires une sorte de dualisme. Il paraît en résulter en effet que l'Inspecteur-Général est chargé directement du contrôle de la Douane d'Alexandrie, et du Contrôle Exécutif de toutes les Douanes extérieures, ainsi que de toutes les questions douanières qui sortent de l'application des lois Turques et Egyptiennes, comme aussi de tous les ordres administratifs.

Mais en ce qui concerne les ordres regardant les dépenses ou les mutations dans le personnel, il doit avant d'agir d'une façon définitive en référer au Directeur-Général. D'autre part, le Directeur-Général est obligé d'adresser à l'Inspecteur-Général tous les ordres et instructions se rapportant à la direction des différentes douanes; il doit lui transmettre toutes les lettres qui sont adressées à la Direction Générale, de quelque part qu'elles viennent, qui se rapportent aux questions pratiques, ou toutes autres questions d'administration. Par conséquent, si d'une manière générale l'Inspecteur-Général reste, d'après ce Règlement subordonné aux ordres du Directeur-Général, cependant des attributions très-larges lui ont été données, et on a créé ainsi un *imperium in imperio*.

Dans cette situation, la Commission a voulu elle-même savoir de quelle manière MM. Scrivenor et Archer Shee avaient interprété le Règlement; et en même temps elle a cherché quelque exemple pratique qui, dans le passé, lui servît de base à cet égard; mais les deux parties en cause n'ont pu lui en citer aucun, et elles se sont bornées à interpréter le Règlement chacun à son avantage. De telle sorte que la Commission ne peut interpréter le Règlement que par le Règlement lui-même.

9. Dans cet ordre d'idées, il lui paraît qu'en donnant à un employé supérieur des pouvoirs aussi grands, on a voulu lui permettre de connaître de tout ce qui touche à la nomination et à la démission de ses subordonnés ; il serait impossible de le tenir responsable des actes de ses employés, si à chaque instant ceux-ci pouvaient être licenciés par ordres supérieurs, sans qu'il soit consulté. Le Règlement en exigeant qu'il soit référé à l'Inspecteur-Général de toutes les questions pratiques ou autres de l'Administration, semble, à la Commission, avoir reconnu nettement le principe.

Les termes sont si étendus qu'il paraît avoir voulu permettre à l'Inspecteur-Général de donner son avis dans toutes les questions, quelqu'elles soient, qui touchent à ses fonctions. Donc, soit au point de vue du Règlement lui-même, soit au point de vue des principes généraux en matière d'administration, il semble à la Commission que le Directeur-Général n'avait pas bien compris les limites de son autorité, en thèse générale. Elle trouve, en effet, que dans les cas ordinaires, avant de licencier un employé subordonné à l'Inspecteur-Général, il devait toujours mettre celui-ci à même de donner son avis à ce sujet, tout en conservant la faculté de le suivre ou non.

10. Mais, comme il est dit plus haut, le Directeur-Général explique sa manière de faire, en cette circonstance, non-seulement sur ce qu'il avait, selon lui, la faculté d'agir ainsi, mais encore sur ce qu'il y avait urgence.

Pour juger de la valeur de cette dernière allégation, il paraît nécessaire d'examiner sommairement et autant qu'elles sont connues à la Commission, les circonstances qui ont amené la démission Saba Bey.

11. Le 2 Mai, 1879, le Directeur-Général a écrit à Mr. A. Shee, en lui envoyant une réclamation contre Saba Bey émanant d'un de ses créanciers, et en lui faisant remarquer que l'emprunt dont il s'agissait avait été fait par cet employé à un négociant ayant des rapports avec la douane, et qu'il constituait à raison de cela un grave manquement professionnel.

Le 3 Mai, M. Scrivenor écrivait de nouveau à Mr. Shee, pour lui faire connaître que pendant que Saba Bey était Directeur de la Douane à Suez, et à Port Saïd, il avait retiré à la Caisse P. E. 17,333 portées à son nom sur le compte Ohad. D'après cette lettre Saba Bey avait été transféré de Suez à Port Saïd, le 1^{er} Août, 1878, le montant de son traitement n'ayant pas été fixé jusqu'à cette date, et ce traitement ayant été augmenté à cette époque, avec effet rétroactif, les sommes portées jusqu'au 1^{er} Avril, au compte Ohad, pouvaient se compenser avec cette augmentation de traitement du 1^{er} Avril à la fin de Juillet, c'est-à-dire pendant son séjour à Suez. Enfin le Directeur-Général priait l'Inspecteur-Général de lui communiquer le montant du traitement qu'il avait fixé pour Saba Bey (dans le but, paraît-il, de savoir quelle somme resterait à son débit dans le compte Ohad, déduction faite de la compensation à faire avec son augmentation de traitement).

Le 14 Mai l'Inspecteur-Général répondait que les dispositions prises à l'égard de Saba Bey, relativement à son traitement, étaient connues du Directeur-Général, et approuvées par le Ministre des Finances. Ces dispositions se résumaient ainsi : Saba Bey devait être considéré comme ayant eu 25 livres d'appointements (par mois) pendant son séjour à Suez ; 40 livres comme Directeur des Douanes à Port Saïd jusqu'à la fin de 1878, et 50 livres en la même qualité, depuis le 1^{er} Janvier, 1879. Après cette lettre, la correspondance sur ce sujet a été momentanément interrompue.

Deux mois plus tard, le 10 Juillet, le Directeur-Général s'adressait de nouveau à l'Inspecteur-Général au sujet de Saba Bey.

Il lui envoyait une signification de saisie-arrêt faite en vertu d'un jugement du Tribunal, en ajoutant qu'il avait reçu récemment de Saba Bey une lettre officielle en Arabe, relativement à la somme par lui due à l'Administration (probablement le solde qui restait au débit de Saba Bey, dans le compte Ohad, déduction faite de ses appointements de 1878). Il invitait Mr. Shee à voir cette lettre, à s'occuper de l'affaire, et à prendre les mesures nécessaires pour mettre fin à ces irrégularités. Il ajoutait qu'il n'avait fait aucune promesse à Saba Bey, et qu'il ne voulait admettre aucun précédent, mais qu'il désirait que les demandes de Saba Bey fussent réglées équitablement. Il mettait enfin l'affaire aux mains de l'Inspecteur-Général, en le priant de la régler au mieux des intérêts de l'Administration.

Le 12 Juillet le Directeur-Général écrivait encore à Mr. Shee (lettre particulière), en lui disant qu'à l'égard de la dette de Saba Bey vis-à-vis de l'Administration, il était prêt à entendre toutes les réclamations qui sembleraient justes à l'Inspecteur-Général, mais qu'il était, selon lui, nécessaire de mettre immédiatement un terme à ces irrégularités. Il ajoutait qu'il y avait plusieurs réclamations et même des jugements contre

Saba Bey, et qu'il désirait que l'Administration pût rentrer dans ses fonds avant tout autres créanciers. A ce moment l'Inspecteur-Général était en tournée, et il n'a reçu les lettres du 10 et du 12 Juillet qu'à son retour à Alexandrie le 15. Le 17 Juillet Mr. Shee répondait dans une lettre particulière qu'il était très-affecté de cette affaire, mais qu'avant de prendre les mesures qu'elle comportait il avait besoin de voir le Directeur-Général.

Dans cette lettre Mr. Shee reconnaissait la gravité de la conduite de Saba Bey, et disait qu'elle ne pourrait être plus longtemps tolérée ; mais il priait le Directeur-Général de ne pas le juger trop sévèrement à cause des services utiles qu'il rendait. Il faut remarquer que du 17 Juillet au 25 l'Inspecteur-Général avait été indisposé, et ne s'était pas rendu à son bureau ; il était remplacé par le Secrétaire de la Direction Générale.

Le 23 Juillet, le Directeur-Général envoyait à Mr. Shee le compte personnel de Saba Bey, portant le solde existant à son débit dans le compte Ohad ; le 30 Juillet il lui écrivit en le priant de lui expédier son Rapport, et le jour suivant, avant l'arrivée de la réponse de Mr. Shee, le Ministre s'adressait au Directeur-Général en lui faisant savoir que des plaintes nombreuses sur Saba Bey lui étaient parvenues, plaintes qui, par leur caractère, réclamaient des mesures très-rigoureuses contre cet employé. Le Ministre ajoutait que le Directeur-Général ne pouvait ignorer au moins une partie des plaintes portées contre son subordonné ; il le priait de faire un Rapport, et d'indiquer quels remèdes la situation comportait.

Le même jour, c'est-à-dire le 31 Juillet, suivant les instructions verbales du Ministre, d'après ce que Mr. Scrivenor a déclaré devant la Commission, le Directeur-Général adressait au Ministre copie des correspondances concernant Saba Bey, en l'informant que ce dernier avait prélevé sur la Caisse 10,229 prs. 25 p. Il ajoutait que les explications qu'il avait reçues étaient loin de le satisfaire, et il transmettait une copie de sa lettre du 10 Juillet, à l'Inspecteur-Général, en faisant connaître que jusqu'à présent il n'avait reçu aucune réponse.

Le Directeur-Général était d'avis que ces circonstances se joignant à celles qui étaient à la connaissance du Ministre des Finances, et dont, disait-il, "je ne puis apprécier la gravité," justifiaient son renvoi comme Directeur des Douanes à Port Saïd ; il demandait en même temps des ordres télégraphiques. Ces ordres, le Directeur-Général les a reçus plus tard, mais cela appartient à une autre partie de ce Rapport, et nous avons, pour le moment, tous les éléments nécessaires pour apprécier la raison d'urgence invoquée par Mr. Scrivenor.

12. Il résulte de ce qui précède que le Directeur-Général connaissait depuis le 2 Mai la situation endettée de Saba Bey, et depuis le 3, les prélèvements qu'il avait faits sur le compte Ohad ; il avait pris des mesures pour régler les dettes de cet employé, et régulariser les prélèvements sur le Ohad. Par le fait de l'Inspecteur-Général, la lettre du Directeur-Général du 10 Juillet ne lui était parvenue que le 15. Le 17, il avait écrit au Directeur-Général, et en même temps il avait mandé Saba Bey devant lui pour s'expliquer. Le 23, le Directeur-Général avait communiqué à Mr. Shee le compte personnel de Saba Bey. Il convient de remarquer ici que le caractère de la correspondance du Directeur-Général indique qu'il se préoccupait alors plutôt de régler les comptes de Saba Bey, et d'empêcher que la créance de l'Administration sur lui ne fût primée par d'autres créances, qu'il ne se montrait ému de la gravité des irrégularités commises par ce fonctionnaire. D'après les renseignements que la Commission a entre ses mains, le Directeur-Général ne savait rien de nouveau contre Saba Bey, quand subitement, le 31 Juillet, il demandait d'urgence son licenciement sans en donner avis à l'Inspecteur-Général ; il n'attendait pas, pour agir ainsi, le Rapport qu'il avait demandé le 10 Juillet à Mr. Shee, auquel il n'avait envoyé les chiffres nécessaires que le 23 Juillet. Le 30 Juillet, il lui avait réclamé sa réponse ; cette réponse, bien qu'elle ne fut pas parvenue au Directeur-Général le 31 Juillet, avait été écrite, par Mr. Shee, dès le 25.

Vu le temps qui s'était écoulé depuis que le Directeur-Général avait été informé pour la première fois des réclamations dont Saba Bey était l'objet et des prélèvements qu'il avait faits, vu le caractère constant du langage tenu par lui dans sa correspondance, et la disposition qu'il montrait d'arranger l'affaire d'une manière équitable, disposition qui semble exclure l'idée d'une grande sévérité ;

Attendu que conformément à ses ordres l'Inspecteur-Général était en train de préparer un Rapport pour lequel certains chiffres qui lui manquaient ne lui avait pas été envoyés avant le 23 Juillet ;

Attendu que le 31 Juillet même le Directeur-Général avait expédié son Rapport,

et que selon les usages ordinaires il semblait devoir attendre quelques jours pour donner le temps à l'Inspecteur-Général de lui répondre ;

Attendu que depuis le 10 Juillet aucune nouvelle circonstance à la charge de Saba Bey n'avait été portée à la connaissance du Directeur-Général ;

Attendu, qu'ainsi qu'il reconnaît lui-même, il ignorait la gravité des plaintes portées directement au Ministre ;

La Commission se trouve forcée de conclure que selon les renseignements en son pouvoir le Directeur Général n'a pas démontré les motifs d'urgence qui auraient pu le justifier d'avoir passé outre aux règles indiquées dans le Règlement du 7 Janvier, 1879, lesquelles sont conformes aux règles administratives ordinaires. En même temps il convient d'ajouter, en bonne justice, en ce qui concerne le Directeur-Général, que bien qu'il eût demandé des ordres télégraphiques, il s'est cependant empressé, dès qu'il a reçu le Rapport de l'Inspecteur-Général, en date du 28 Juillet, de le transmettre au Ministre des Finances. De telle sorte que lorsque le Ministre a pris une décision sur cette affaire, il avait par divers *[sic]*, toutes les explications que l'Inspecteur-Général pouvait avoir à donner.

13. En ce qui concerne la seconde exception, tirée de ce que le Directeur-Général n'avait pas lui-même licencié Saba Bey. La Commission croit qu'il suffit, pour y répondre, de considérer les termes mêmes dont le Directeur-Général s'est servi ; et que pour parvenir à l'interprétation qu'il lui donne, il faudrait en forcer beaucoup le sens. On peut aussi ajouter que cette seconde exception est en contradiction avec la première. En effet, si le Directeur-Général n'a pas licencié Saba Bey, pourquoi dire qu'il avait droit de le faire et qu'il y avait urgence ?

14. La Commission passe maintenant à la part qui appartient à l'Inspecteur-Général dans ces événements regrettables. Elle se propose de suivre l'ordre qui a été adopté dans le septième alinéa du présent Rapport, en traitant d'abord de la désobéissance imputée à l'Inspecteur-Général, en ne pas allant à Port Saïd suivant l'ordre qu'il en avait reçu le 5 Août. Elle s'occupera ensuite du mépris d'autorité manifesté par l'Inspecteur-Général vis-à-vis du Ministre des Finances, en demandant de Son Altesse le Khédive d'annuler un ordre que le Ministre avait donné lui-même, dans la limite de ses pouvoirs.

15. Sur le premier point, l'Inspecteur Général base sa défense, autant que selon lui il peut la fournir actuellement, sur ce qu'il aurait été très-préjudiciable aux intérêts de l'Administration qu'il quittât Alexandrie à ce moment-là. Puis il ajoute que peu de jours auparavant il avait été informé de certains actes très-graves de mauvaise administration, à raison desquels il avait demandé la suspension de M. Elias Bey, Secrétaire-Général, qui avait rempli pendant l'absence temporaire de l'Inspecteur-Général les fonctions de Directeur de la Douane d'Alexandrie, et qui, en cette qualité, avait participé aux faits dont s'agit. Il avait reçu le 4 Août une réponse du Directeur-Général, refusant d'accéder à sa demande. Rapprochant ce refus d'une invitation qu'il avait reçue le 30 Juillet du Directeur-Général, au sujet d'une affaire qui avait été discutée entre eux, d'obéir à ses ordres, sans commentaires, et ne pas discuter avec lui les affaires d'administration, il n'avait pas vu d'autre parti à prendre à raison du grave inconvénient qu'il voyait à quitter Alexandrie en ce moment, que de s'adresser directement au Vice-Roi qui se trouvait alors dans cette ville.

En résumé, l'Inspecteur-Général explique sa conduite par l'inutilité qu'il y avait pour lui dans les conditions qui précèdent de s'adresser au Directeur-Général, qui avait nettement refusé d'écouter ses réclamations, et par la nécessité où il se trouvait, dans l'intérêt public, de rester à Alexandrie.

16. En ce qui concerne le premier point, le Directeur-Général a produit devant la Commission la correspondance dont avait parlé l'Inspecteur-Général. Il en résulte que le Directeur-Général avait en effet permis à l'Inspecteur-Général de lui adresser plusieurs lettres dans lesquelles celui-ci avait épuisé le droit de discussion, et que ce n'est qu'après que l'affaire à laquelle l'Inspecteur-Général a fait allusion avait été complètement discutée, que le Directeur-Général avait mis fin au débat dans les termes relevés par l'Inspecteur-Général.

On ne peut d'ailleurs pas admettre que les termes dont il s'est servi comportent une défense absolue de faire des observations à l'avenir, pour toutes les affaires administratives, puisqu'il ne s'agissait dans le cas actuel que de mettre fin à une controverse qui n'avait déjà duré que trop longtemps, et dans laquelle il était au moins douteux que l'Inspecteur-Général n'eût pas tort.

De même, dans l'autre affaire dont parle l'Inspecteur-Général, il avait exigé la suspension d'Elias Bey, qui n'était plus actuellement son subordonné. Elias Bey avait

rempli les fonctions de Directeur de la Douane d'Alexandrie pendant l'absence de l'Inspecteur-Général en tournée. Mais il avait repris ses fonctions de Secrétaire de la Direction Générale au moment où l'Inspecteur-Général exigeait sa suspension.

Pour le temps pendant lequel Elias Bey exerçait les fonctions de Directeur des Douanes on pourrait le considérer comme subordonné à l'Inspecteur-Général comme les autres Directeurs. Mais du moment où il avait quitté les fonctions intérimaires de Directeur, il retombait sous la seule autorité du Directeur-Général.

Cela étant, il est évident que l'Inspecteur-Général n'avait pas le droit d'exiger la suspension d'un employé avec lequel il n'avait plus de rapport. Il devait simplement informer le Directeur-Général de ce qui s'était passé, en lui demandant de prendre toutes mesures utiles. Du reste, d'après le Règlement du 7 Janvier lui-même, l'Inspecteur-Général n'avait pas le droit d'exiger la suspension d'un employé quelconque ; il ne pouvait que la proposer pour les employés placés sous ses ordres.

17. Il en résulte que l'Inspecteur-Général en fondant sa défense sur les motifs qui précèdent se base sur des raisons qui ne peuvent pas être soutenues. Il cherche à se disculper, en invoquant des faits très-discutables, du fait qui est lui-même actuellement en question.

Il est possible, qu'en raison des rapports tendus qui existaient depuis longtemps déjà entre le Directeur-Général et l'Inspecteur-Général, Mr. Scrivenor n'eût pas fait bon accueil aux observations de Mr. Shee ; mais la Commission ne trouve pas pour cela que les faits invoqués par celui-ci puissent expliquer sa conduite.

Avant de passer à la seconde exception la Commission déclare que quelque soit son avis sur ce point, il ne peut tendre à justifier la conduite de l'Inspecteur-Général ; il ne pourrait, tout au plus, que comporter des circonstances atténuantes. En effet, selon l'opinion de la Commission, l'Inspecteur-Général n'a pas donné de raisons suffisantes pour ne pas s'être adressé régulièrement au Directeur-Général, afin de s'excuser de ne pas aller à Port Saïd, et son procédé à cet égard constituerait un manquement aux règles hiérarchiques.

18. Mais la précise mesure de la responsabilité qui incombe à l'Inspecteur-Général dépend de la valeur de cette seconde exception.

Sur ce point, et en général sur la question des circonstances atténuantes qui peuvent militer en faveur de l'Inspecteur-Général, l'opinion de la Commission se divise. M. Ara ne trouve aucune circonstance atténuante. Le Président et M. Vacher considèrent que la seule circonstance qui, dans une mesure quelconque, très-légère, aux yeux de M. Vacher, peut atténuer sa conduite, se trouve dans l'erreur de l'appréciation qu'a pu faire le Directeur-Général, au début de cette affaire. Les cinq autres membres sont d'avis que dans les circonstances qui l'entourent, autant qu'elles sont déjà connues, on trouve plusieurs autres considérations qui peuvent atténuer la conduite de l'Inspecteur-Général, et lui faire perdre le caractère d'une désobéissance préméditée. Ils sont aussi d'avis, et sur ce point le Président se joint à eux, que jusqu'à présent ils n'ont pas et ne peuvent avoir sous les yeux toutes les considérations nécessaires pour se former une opinion complète et définitive sur la seconde exception présentée par Mr. Shee étant donné l'étendue limitée du second chef d'enquête. Les membres qui sont d'une opinion contraire joindront au présent un memorandum contenant leur avis, qui se trouvera déjà indiqué dans ce Rapport.

Les raisons sur lesquelles la majorité de la Commission s'est fondée sont les suivantes :—

19. Elles se divisent, comme il a été dit plus haut, en deux parties.

La première se réfère aux circonstances dont la Commission a déjà connaissance ; la seconde porte sur les considérations par lesquelles la Commission ne croit pas avoir tous les éléments d'appréciation nécessaires, pour se décider d'une manière complète et définitive sur le premier chef d'enquête.

En ce qui concerne le premier point, la majorité de la Commission considère qu'on ne peut pas détacher des événements antérieurs et soumettre séparément à un examen critique la conduite de l'Inspecteur-Général dans les journées des 5, 6, et 7 Août. Cette conduite est liée intimement avec les circonstances qui l'ont précédée, et il est même permis de penser que, les événements qui ont eu lieu, même dans les journées sus-indiquées, n'ont pas été sans influence sur la manière d'agir de Mr. Shee.

Il résulte des pièces que dès le 2 Août, c'est-à-dire trois jours avant que Mr. Shee ait été informé du licenciement de Saba Bey, il s'était déterminé à appeler ostensiblement l'attention sur la mauvaise direction donnée à l'Administration des Douanes. En effet, par une lettre à cette date du 2 Août il s'adresse à son Consul-Général, et en lui exposant la situation telle qu'il la voit, il lui demande son avis sur la manière d'agir qu'il devait adopter. Cette lettre au Consul-Général est importante

en ce qu'elle contient le premier indice de la voie dans laquelle Mr. Archer Shee s'était déterminé à s'engager et en ce qu'elle démontre qu'il était résolu à rompre avec son supérieur dès avant l'affaire Saba Bey. Il importe aussi de remarquer que dans cette lettre Mr. Shee ne demande en aucune façon l'intervention de son Consul-Général, mais que se trouvant à la veille d'une démarche très-grave, il sollicite de lui l'appui de son opinion sur la meilleure marche à suivre pour accomplir sa résolution. Il s'adresse, comme Anglais, se trouvant en conflit avec un autre Anglais, au Consul-Général d'Angleterre; cependant, il dit en même-temps à celui-ci, qu'il peut pas faire de sa lettre tel usage qu'il jugera utile. En se découvrant ainsi, il se plaçait déjà en dehors des règles ordinaires, et de la hiérarchie administrative. Il est dès lors impossible de continuer à appliquer les règles ordinaires de la discipline à un employé qui, poussé, d'après ce qu'il dit, par des motifs d'intérêt public, a cru de son devoir de mettre ces règles aussi absolument de côté, en proposant que son supérieur soit forcé de se soumettre à une enquête à raison de ses actes officiels.

En vérité, en présence d'une dérogation aussi grave aux règles ordinaires, tous les actes qui ont pu suivre paraissent perdre de leur importance.

Lorsque l'Inspecteur-Général a informé le Consul-Général, le 2 Août, de sa détermination de dévoiler la mauvaise administration de son supérieur, et lorsque le 6 Août, après avoir reçu l'ordre de se rendre à Port Saïd, il a sollicité une audience du Vice-Roi, afin de prier de le dispenser de quitter Alexandrie, à raison de la gravité des circonstances présentes, il a suivi une ligne de conduite qui ne peut être jugée que par les résultats, et qui dès lors ne peut s'expliquer que lorsque ces résultats seront acquis. C'était un acte qui pouvait avoir des conséquences ultérieures si graves pour l'Inspecteur-Général qu'il est impossible de considérer séparément l'incident du 5 Août. Il semble à la majorité de la Commission qu'en l'envisageant séparément on ne ferait porter l'enquête que sur un incident secondaire, qui ne peut pas être jugé en dehors de ses relations avec les autres événements. L'Inspecteur-Général s'étant mis, de propos délibéré, en dehors des règles ordinaires de l'Administration, en se basant sur des faits qu'il déclarait pouvoir prouver, il ne peut pas être jugé par les règles ordinaires; il doit triompher ou succomber, sur l'ensemble mêmes des raisons qu'il a invoquées, en se déclarant prêt à en établir le bien-fondé. Il faut donc chercher l'atténuation de sa conduite dans l'ensemble des tous les faits qui l'ont déterminée, et on ne peut se prononcer que provisoirement sur l'étendue de cette atténuation, jusqu'à ce que tous ces faits soient connus. En effet, l'Inspecteur-Général demande qu'il soit sursis au jugement, et la Commission en majorité admettant sa demande, ne veut émettre aucune opinion, quelque peu définitive qu'elle soit, sur l'appréciation complète et générale du fait particulier d'indiscipline sur lequel votre Excellence a attiré l'attention de la Commission. Il convient d'ajouter que l'Inspecteur-Général, avant d'oser désobéir à l'ordre du Directeur-Général, a sollicité l'autorisation du Vice-Roi; afin de le dispenser d'y obtempérer. Il croyait, de bonne foi, à ce qu'il affirme, que cette autorisation lui avait été donnée, bien que la Commission ait acquis l'assurance qu'il était dans l'erreur. Assurément, rien n'était plus irrégulier que de s'adresser ainsi directement au Vice-Roi, mais cela démontre, au moins, que l'Inspecteur-Général n'avait pas l'intention de prendre entièrement sur lui la responsabilité de désobéir à des ordres supérieurs; il cherchait à obtenir que ces ordres fussent annulés, sans vouloir les annuler lui-même de sa propre autorité.

20. La Commission arrive logiquement ainsi à l'examen de la seconde exception présentée par l'Inspecteur-Général. Il reste à expliquer par quelles raisons la majorité de la Commission croit qu'elle n'a pas, jusqu'à présent, tous les éléments nécessaires pour apprécier les circonstances atténuantes qui peuvent militer en faveur de Mr. Shee.

L'Inspecteur-Général lui-même, dès le commencement de l'enquête, a insisté sur cette considération. Il a, dès les premières séances, écrit à la Commission une lettre à cet égard, et la Commission lui a répondu dans le sens de son procès-verbal du 27 Août. Pendant le cours de l'enquête, l'Inspecteur-Général a, à plusieurs reprises, dans ses explications, tant écrites que verbales, invoqué de nouveau cette exception. Il a nettement dit que, si le jugement n'est pas suspendu jusqu'à ce que la Commission ait connaissance de l'affaire tout entière, il en résultera pour lui le plus grand préjudice.

21. La majorité de la Commission, sauf MM. Vacher et Ara, s'est trouvée, au cours de l'enquête, forcée d'accepter le point de vue auquel se plaçait l'Inspecteur-Général; elle se croit hors d'état de faire sortir du second chef d'enquête ce qui se rapporte au premier, au point de vue des circonstances atténuantes, sans être entrée dans l'examen de ce second chef lui-même. La majorité de la Commission signale à

titre d'exemple la raison que l'Inspecteur-Général donne pour ne pas s'être conformé le 5 Août aux ordres du Directeur-Général, en invoquant les graves inconvénients qui, d'après lui, seraient résultés en ce moment, pour l'intérêt public, de son absence d'Alexandrie.

Il fait allusion à certains actes de mauvaise gestion, imputables à l'Administration des Douanes, qu'il se propose de soumettre à la Commission, comme principal objet d'examen dans le second chef d'enquête. S'il est établi plus tard, qu'en effet l'absence de l'Inspecteur-Général en ce moment aurait été préjudiciable aux intérêts du Trésor, et à ceux de l'Administration, il est certain qu'il y aura là, pour la conduite qu'il a tenue, une circonstance atténuante très-digne d'attention. Mais, comment la Commission, en l'état de ce qu'elle sait actuellement, et sans avoir approfondi les faits invoqués par Mr. Shee, peut-elle dès-à-présent apprécier la valeur de l'atténuation qui peut en résulter? La majorité de la Commission trouve que cela est impossible, car si l'on écartait l'examen des faits dont il s'agit, il en résulterait pour l'Inspecteur-Général qu'il pourrait être trouvé sans excuse. La majorité de la Commission, sauf MM. Vacher et Ara, croit que le premier chef d'enquête étant au fond, sinon dans la forme, une enquête sur la conduite de l'Inspecteur-Général, et le résultat de cette enquête pouvant avoir des conséquences très-sérieuses pour lui, il doit avoir le bénéfice de tous les moyens de défense qu'il peut vouloir invoquer pour expliquer sa manière d'agir.

A ce point de vue il serait au moins prématuré, aux yeux de la majorité de la Commission, de dire qu'elle a tous les éléments d'appréciation alors que le principal intéressé affirme qu'elle n'en possède qu'une partie. Assurément, si après avoir fait l'enquête dans son ensemble, le résultat final en est défavorable à Mr. Shee, sa situation ne s'en trouvera que plus aggravée, mais au moins, il ne lui sera pas permis de dire que la Commission n'a pas voulu examiner tous les moyens de défense qu'il avait invoqués.

22. La Commission a fait remarquer plus haut que la conduite de l'Inspecteur-Général se divise en deux parties: l'une qui concerne le Directeur-Général, et l'autre le Ministre.

En ce qui concerne le second point de vue, la Commission regrette d'être forcée de constater que l'Inspecteur-Général a manqué à ses devoirs vis-à-vis du Ministre.

On peut admettre que depuis longtemps, en Egypte, les fonctionnaires ont été habitués, et même encouragés à s'adresser directement au Souverain, en dépit des règles hiérarchiques. Mais l'Inspecteur-Général devait se souvenir qu'il était sous les ordres d'un Ministre responsable, et en sa qualité de sujet Britannique au service du Gouvernement Egyptien, il devait montrer un respect tout particulier pour les règles constitutionnelles. L'Inspecteur-Général cherche à s'excuser en disant que le Ministre ayant déjà décidé la question, il était inutile d'en appeler devant lui; mais tout au moins devait-il, s'il voulait s'adresser au Khédive, se servir de l'intermédiaire du Ministre.

Il est également impossible d'excuser les termes dans lesquels l'Inspecteur-Général a parlé de la décision du Ministre, en la traitant d'acte d'injustice. En effet, il est certain, d'après les pièces et documents produits devant la Commission, que Saba Bey avait pour le mois d'Octobre 1878 touché son traitement deux fois, plus un quart, dont une fois plus un quart par anticipation, avec autorisation supérieure, et une autre fois, à la fin du mois, de son propre chef.

Toutes ces sommes étaient à son débit dans le compte Ohad, indépendamment des autres prélèvements qu'il avait faits sur le même compte Ohad. Aucune explication de ces faits étranges n'a pu être donnée à la Commission. Du reste, Saba Bey a donné de nouveau la mesure de sa moralité, en prenant le 2 Août, pour son propre usage, et sans aucune autorisation, une somme de 286l. faisant partie d'un dépôt fait à la douane. Mais ce fait n'ayant été constaté qu'après l'affaire du 5 Août, il ne peut être mis à la charge de Mr. Shee.

Il convient d'ajouter que relativement à sa conduite vis-à-vis du Ministre, Mr. Shee n'a justifié d'aucune circonstance atténuante.

23. Votre Excellence a prié la Commission de lui signaler les désordres qui se sont produits dans l'Administration des Douanes, à la suite des incidents des 5 et 6 Août, et de lui indiquer à qui en incombe la responsabilité.

D'une manière générale la Commission considère comme certain, que lorsque la discorde existe entre les fonctionnaires les plus élevés d'une Administration, il en résulte un trouble évident dans toute l'échelle hiérarchique inférieure; chacun prend parti pour un des chefs; le principe d'autorité est affaibli, et on se préoccupe

plutôt de ses intérêts particuliers que de l'intérêt général. Mais la Commission ne peut signaler d'une manière particulière qu'un seul fait de désordre administratif dont le Directeur-Général et l'Inspecteur-Général peuvent, tous les deux, être considérés comme responsables.

Après les incidents des 5 et 6 Août, le Directeur-Général a commencé, contrairement aux usages ordinaires, à envoyer directement à l'adresse de la Direction des Douanes d'Alexandrie, des plis ouverts ou fermés, au lieu de les adresser à l'Inspecteur-Général. Ces communications étaient remises aux employés de la Direction, sans que Mr. Shee en eût connaissance. C'était contrevenir en même temps aux termes du Règlement et aux traditions officielles, et à ce point de vue le Directeur-Général doit être considéré comme responsable. Mais le 15 Août l'Inspecteur-Général, sans en référer au Directeur-Général, a pris une décision par laquelle il ordonnait aux employés de la Direction Générale, sans qu'ils lui fussent soumis, de ne pas obéir aux ordres de la Direction Générale. Bien qu'en droit strict on puisse dire qu'il était en règle, la forme des ordres donnés peut être considérée comme regrettable.

Il l'était d'autant plus, qu'il était de nature à rabaisser dans l'esprit du personnel l'autorité du Directeur-Général, et de porter ainsi une nouvelle atteinte aux principes hiérarchiques.

24. En résumé, la Commission, à l'exception de Morice Pacha, est d'avis :—

(1.) Que l'Inspecteur-Général a désobéi aux ordres du Directeur-Général, en ne se rendant pas à Port Saïd.

(2.) Que l'Inspecteur-Général a agi contrairement aux règles hiérarchiques, concernant le Ministre des Finances, en s'adressant directement au Khédive, le 6 Août, et en protestant contre les ordres du Ministre.

(3.) La Commission, sauf le Président, M. Vacher, et M. Ara, trouve qu'il y a des circonstances atténuantes qui, pour le moment, et jusqu'à informations ultérieures, doivent être considérées comme diminuant d'une manière importante les torts de Mr. Shee.

Le Président et M. Vacher trouvent qu'il n'y a qu'une très-légère circonstance atténuante dans le fait, de la part du Directeur-Général, d'avoir donné des ordres directs pour la démission de Saba Bey, contrairement aux règles du Règlement.

Du reste, et sur ce point la Commission est unanime, il résulte pour elle de l'enquête que Saba Bey s'était rendu indigne de rester dans les emplois publics.

(4.) La Commission ne trouve aucune circonstance atténuante dans la conduite de Mr. Shee envers le Ministre des Finances.

(5.) La Commission, sauf MM. Vacher et Ara, est d'avis qu'il est actuellement impossible de juger si, en dépit des circonstances atténuantes acquises jusqu'ici, il ne peut pas en exister d'autres qui ainsi que l'affirme l'Inspecteur-Général lui-même, ne peuvent être connues que lorsque le deuxième chef d'enquête aura été examiné.

Pour cette raison la majorité de la Commission réserve son appréciation sur le degré de responsabilité qui incombe à l'Inspecteur-Général, pour n'avoir pas obéi aux ordres du Directeur-Général, en n'allant pas à Port Saïd.

La majorité de la Commission exprime enfin le regret de n'avoir pu se conformer entièrement aux instructions de votre Excellence, en lui donnant nettement son opinion sur le premier chef d'enquête. Mais elle saisit cette occasion pour dire que la manière d'agir que les circonstances lui ont imposée lui paraît de nature à favoriser le résultat final de l'enquête.

Si, en effet, on prenait dès maintenant une décision contre l'une des deux parties en cause, cela la mettrait plus ou moins hors d'état de donner elle-même ou de provoquer de la part des employés de l'Administration, toutes explications utiles sur le second chef d'enquête, qui est le plus important.

Veillez, &c.
(Signé)

ISMAÏL, *Président*.
C. ARA.

(Sous réserve des observations contenues dans le mémorandum joint au présent).

A. CAILLARD.
A. COLVIN.
MORICE PACHA.
MUSTAPHA PACHA.
SAMI.
ALFRED VACHER.

(Sous réserve des observations contenues dans le mémorandum joint au présent).

P.S.—Depuis la rédaction du Rapport, la Commission a reçu la lettre du Ministre des Finances, en date du 27 Septembre, 1879. Il paraît résulter de cette lettre que le Ministre, le plaçant au point de vue de l'intérêt public, désire prendre, aussitôt que possible, des mesures afin de rétablir l'ordre et la régularité dans l'Administration des Douanes. La majorité de la Commission, tout en s'associant au point de vue indiqué par le Gouvernement, en même temps exprime respectueusement leur opinion, que dans l'intérêt de l'enquête confiée à la Commission, intérêt qu'elle est tenue de sauvegarder, toutes les mesures à prendre soient impartialement étendues aux deux parties principalement intéressées. Tout autre procédé semblerait à la majorité de la Commission contraire à un examen équitable, non-seulement de l'affaire tout entière, mais encore de la première question elle-même, laquelle, ainsi qu'il est dit dans le Rapport, elle considère comme n'étant pas encore complet.

(Signé)

ISMAÏL, *Président*.
A. CAILLARD.
A. COLVIN.
MORICE PACHA.
MUSTAPHA PACHA.
SAMI.

Inclosure 2 in No. 1514.

Mémorandum.

LES Soussignés, membres de la Commission d'Enquête sur l'Administration des Douanes, ayant été sur divers points du premier chef de la dite enquête, d'un autre avis que la majorité de la Commission, ont l'honneur de joindre au Rapport de l'honorable M. Colvin, avec l'assentiment de leurs collègues, et après les leur avoir communiqués, les observations qui suivent :—

La première partie de la mission qui nous était confiée consistait, d'après la lettre de son Excellence le Ministre des Finances, en date du 20 Août, 1879, à étudier les incidents récents qui s'étaient produits entre le Directeur-Général et l'Inspecteur-Général des Douanes relativement au licenciement de M. Saba Bey, Directeur de la Douane de Port-Saïd, ainsi que les désordres qui avaient pu en résulter dans l'Administration.

Après avoir étudié minutieusement les correspondances et documents produits par les fonctionnaires en cause et entendu contradictoirement ces deux employés supérieurs, la Commission a dû, ainsi qu'il résulte du procès-verbal de sa séance du 6 Septembre, résumer son travail en plusieurs questions, sur lesquelles chacun de ses membres a été appelé à donner son avis.

Les points qui dominaient le débat étaient ceux de savoir :—

1. Si Mr. Archer Shee avait manqué aux règles hiérarchiques envers le Directeur-Général, en ne pas se rendant à Port Saïd, selon les instructions données par ce dernier fonctionnaire, conformément à l'ordre qu'il avait reçu du Ministre des Finances, de licencier le Directeur de la Douane de cette ville.

2. Si l'Inspecteur-Général avait également manqué aux règles hiérarchiques envers le Ministre des Finances, en adressant directement au Khédive des réclamations relatives aux ordres du Ministre, et en protestant contre eux, dans des termes inacceptables.

Ces deux points ont dû naturellement faire l'objet des deux premières questions posées par la Commission. Ils ont été, l'un et l'autre, résolus affirmativement, presque à l'unanimité.

Les Soussignés ne peuvent donc, à cet égard, que s'en rapporter aux termes du Rapport (7, 14, 15, 16, 17, 22). Mais ils tiennent à faire remarquer que ces deux questions qui dans le dit Rapport sont précédées, et suivies de considérations nombreuses et diverses, sont celles qui, comme cela résulte du procès-verbal indiqué plus haut, ont, dans l'œuvre de la Commission, primé toutes les autres, et qui doivent par conséquent, tout d'abord s'imposer à l'attention du Ministère.

La troisième question que la Commission a résolue était relative aux désordres qui ont pu se produire dans l'Administration des Douanes à la suite des incidents dont il s'agit. Elle a été également tranchée à l'unanimité, et elle se trouve traitée dans le Rapport sous le No. 23.

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Les Soussignés ne peuvent sur ce point, comme sur les précédents, que s'associer aux idées de leurs collègues.

La Commission s'est posé ensuite la question de savoir s'il existait des circonstances atténuantes en faveur de Mr. Archer Shee, et dans le cas de l'affirmative, quelles étaient ces circonstances. Ce point fait l'objet des questions 4 et 4 bis, énoncées au procès-verbal du 6 Septembre.

Les Soussignés font d'abord remarquer à cet égard que malgré les développements considérables qui leur ont été donnés dans le Rapport (Nos. 8, 9, 10, 11, 12, 13, 18, 19, 20, 21, et 24), les questions relatives aux circonstances atténuantes, ne peuvent par leur nature même qu'avoir un caractère secondaire; elles sont en effet, par la force des choses, subordonnées aux questions de fait et quelle qu'en soit la solution, elles ne sauraient faire disparaître la portée des réponses faites par la Commission sur les faits eux-mêmes.

Quant à l'existence des dites circonstances atténuantes, invoquées par Mr. Shee, l'un des Soussignés, M. le Commandeur Ara, a déclaré qu'à ses yeux il n'y en avait aucune. En effet, il ne croit pas que l'on puisse, dans le cas dont s'agit, admettre aucune circonstance atténuante qui ne se rapporte pas directement au fait qui a donné lieu à l'acte de désobéissance de Mr. Archer Shee envers le Ministre des Finances et envers le Directeur-Général.

Mr. Archer Shee invoque un Règlement qui pourrait être appliqué dans les cas ordinaires si l'on devait l'interpréter dans le sens qu'il lui attribue, mais qui ne serait jamais applicable dans un cas extraordinaire tel que le cas actuel où le Ministre prend d'abord l'initiative de demander des informations personnelles concernant le Directeur local de Port Saïd, et après avoir reçu l'avis du Directeur-Général et le Rapport de l'Inspecteur-Général, ordonne, par voie télégraphique, le licenciement de Saba Bey. Le Ministre qui approuve les Règlements est au-dessus de ces Règlements dans le cas d'urgence. La décision par laquelle il licenciait un employé reconnu coupable d'avoir prélevé irrégulièrement des sommes appartenant à la Caisse, ne pouvait donc être discutée ni ajournée dans son exécution pour des considérations de forme ou de convenance.

Pour les autres considérations qui peuvent se présenter à l'esprit dans le même ordre d'idées, M. Ara s'en rapporte aux développements qui suivent.

M. Vacher, d'accord sur ce point avec M. le Président, a pensé qu'il n'y avait qu'une seule circonstance atténuante qui fût digne de quelque attention. Il l'a trouvée dans le fait que le Directeur-Général, lorsqu'il avait reçu la lettre Ministérielle, lui demandant un Rapport sur le Directeur de Port Saïd, ne l'avait pas préalablement transmise à l'Inspecteur-Général pour avoir son avis, ainsi que strictement cela paraissait devoir être fait d'après les termes du Règlement du 7 Janvier, 1879. Mais d'un autre côté, M. Vacher considérait que Mr. Scrivenor pouvait dans une certaine mesure justifier son abstention par le retard prolongé mis par Mr. Shee à répondre à ses communications précédentes sur le même objet.

Du reste, il est à remarquer qu'ainsi que cela résulte du Rapport lui-même, M. le Directeur-Général ayant reçu le 1^{er} Août la réponse de Mr. Shee à ses communications précédentes relativement au Directeur de Port Saïd, il s'est empressé de la transmettre au Ministre. Celui-ci n'ayant donné qu'à la date du 4 Août l'ordre de licencier M. Saba Bey, il en résulte qu'il avait pris auparavant connaissance tant des observations de Mr. Shee que de celles de Mr. Scrivenor. En fait donc, l'Inspecteur-Général n'a pas été privé du droit d'être entendu que lui donne le Règlement. Enfin, il est juste d'ajouter qu'ainsi que le Rapport le constate également au nom de toute la Commission, la mesure proposée par le Directeur-Général s'est trouvée pleinement justifiée par l'enquête (No. 24).

Par conséquent, si l'on peut trouver dans la manière d'agir du Directeur-Général une atténuation à celle de l'Inspecteur-Général, elle ne peut être que très-légère et elle ne fait en rien disparaître les torts de ce fonctionnaire, car alors même que le Directeur-Général aurait agi irrégulièrement, cela n'autorisait nullement son subordonné à manquer aux règles hiérarchiques vis-à-vis de lui et encore moins vis-à-vis du Ministre.

Il résulte de ce qui précède que M. Vacher non plus que M. Ara ne sauraient partager, au moins d'une manière complète, les observations contenues dans le Rapport sous les Nos. 8, 9, 10, 11, 12, 13, relativement à la conduite du Directeur-Général en cette circonstance, qui du reste n'a pas fait l'objet d'un vote spécial de la part de la Commission (voir procès-verbal du 6 Septembre).

Ils font également toutes réserves sur l'interprétation du Règlement du 7 Janvier, 1879, qui se trouve sous les Nos. 8 et 9, et qui n'a pas non plus donné lieu à une

discussion particulière. Sans doute ce règlement a donné à l'Inspecteur-Général des attributions qui devaient amener sur certains points entre son chef et lui, une sorte de dualisme de nature à produire des difficultés et des conflits. Mais il n'a pas à nos yeux, relativement à la question actuelle, toute la portée que le Rapport lui donne, et dans l'ensemble il ne nous paraît pas avoir voulu faire disparaître la subordination de l'Inspecteur-Général au Directeur-Général.

La majorité de la Commission a cru devoir, en outre, trouver des circonstances atténuantes importantes dans le fait de la part de Mr. Shee d'avoir porté des accusations graves contre le Directeur-Général dans une lettre que Mr. Shee a écrite au Khédive le 6 Août en même temps que dans une autre lettre adressée le même jour, également à Son Altesse, il croyait devoir défendre avec véhémence la conduite du Directeur de Port Saïd.

Les Soussignés, et à cet égard son Excellence Ismaïl Pacha Yousri, Président de la Commission, a partagé leur opinion, ne pouvant sur ce point être de l'avis de leurs collègues.

Il résulte en effet de l'examen des deux lettres dont s'agit, que lorsqu'il dénonçait son chef au même instant où il protestait contre un ordre du Ministre et du Directeur-Général, c'était uniquement pour se défendre d'avance des infractions hiérarchiques qu'il commettait en toute connaissance de cause, qu'il prenait ainsi l'offensive. On ne peut donc voir dans cette plainte, étant donné les circonstances dans lesquelles elle s'est produite et quelque puisse d'ailleurs en être le fondement, une atténuation aux procédés employés par Mr. Shee.

Ce fait constitue au contraire aux yeux de la minorité—en se plaçant au point de vue hiérarchique—une aggravation évidente.

Il est vrai, qu'ainsi que le dit le Rapport (No. 19), Mr. Shee avait dès le 2 Août, c'est-à-dire, à une époque antérieure à l'affaire de Port Saïd, adressé à son Consul-Général un memorandum contenant un exposé des faits qu'il signalait plus tard au Khédive. Mais de deux choses l'une: ou bien cette communication avait été officieuse, et en ce cas la Commission ne semblait pas avoir à en tenir compte, ou bien elle avait été officielle et elle constituait alors de la part de Mr. Shee une nouvelle erreur hiérarchique, trop apparente pour qu'il soit nécessaire d'y insister, et dans laquelle on ne saurait trouver une atténuation.

En effet, d'après le Rapport lui-même, en s'adressant ainsi à son Consul et plus tard au Khédive, "l'Inspecteur-Général se serait déjà placé en dehors des règles ordinaires de la hiérarchie administrative." (Voir No. 19.)

Peut-on en conclure, comme le fait l'honorable rapporteur au nom de la majorité, "qu'il est dès lors impossible de continuer à appliquer les ordres ordinaires de la discipline à un employé qui a cru devoir mettre ces règles aussi absolument de côté . . . ?" (Voir No. 19.)

Les Soussignés ne le croient pas. Mr. Shee n'avait pas en effet cessé d'exercer ses fonctions, qu'il a depuis, et jusqu'à ce jour, constamment occupées.

On ne trouve dans ses lettres au Khédive, non plus que dans sa correspondance ultérieure, rien qui puisse être considéré comme une démission. Si donc, avant les manquements hiérarchiques constatés par la Commission relativement à l'affaire Saba Bey, il en a commis un premier, ainsi que le Rapport l'admet lui-même, en adressant contre toutes les règles ordinaires à son Consul, puis au Khédive, des plaintes contre son chef, qu'en résulte-t-il? Qu'il aurait commis deux manquements hiérarchiques au lieu d'un. Dès lors, le premier pourrait-il être rationnellement considéré comme atténuant le second? N'est-il pas plus juste de dire qu'au contraire il l'aggrave?

Il convient d'ajouter que les circonstances atténuantes relevées par la majorité de la Commission en faveur de Mr. Archer Shee, ne se rapportent, d'après la majorité elle-même, qu'aux faits relatifs au Directeur-Général.

En ce qui concerne la conduite de Mr. Shee vis-à-vis du Ministre, la Commission tout entière a été d'avis qu'il n'y avait pas des circonstances atténuantes.

Enfin, la Commission a eu à résoudre une cinquième et dernière question: celle de savoir si toutes les circonstances atténuantes qui peuvent être invoquées en faveur de Mr. Shee, et qui par conséquent peuvent contribuer à l'appréciation générale de l'affaire, sont actuellement connues par la Commission.

En d'autres termes, s'il n'est pas nécessaire pour apprécier complètement la situation, d'attendre l'examen du second chef d'enquête et l'accomplissement définitif des travaux de la Commission.

A cet égard, la majorité a cru devoir admettre l'affirmative, et son opinion se trouve reflétée non-seulement dans la partie du Rapport qui touche particulièrement

cette question, mais encore dans l'ensemble de cet important travail. (Voir notamment Nos. 2, 3, 19, 20, 21, 24.)

Les Soussignés n'ont pu partager cet avis.

En effet, sur quoi portait le premier chef d'enquête ?

Sur des faits parfaitement déterminés et se rapportant à un ordre d'idées également bien défini. Or, ces faits ont été complètement élucidés. Les parties intéressées ont été appelées à donner des explications aussi complètes que possible.

La Commission s'est montrée à cet égard aussi large qu'on pouvait le désirer. Elle est entrée dans l'examen de divers incidents (voir le Rapport, Nos. 15, 16, et 17), qui ne paraissaient pas tout d'abord appartenir au cadre de sa mission, mais qui pouvaient plus ou moins se rattacher aux faits dont elle avait à connaître.

Elle a donc pu surabondamment apprécier toutes les circonstances qui étaient de nature à l'aider à juger la conduite de Mr. Shee, et son œuvre à cet égard paraît avoir été complète.

Quant aux faits d'Administration générale indiqués dans les plaintes de l'Inspecteur-Général contre son chef, sans les préjuger, et en admettant même qu'ils soient plus tard démontrés, ils ne paraissent pas aux Soussignés avoir une influence directe sur la question actuelle.

En effet, en supposant que l'impulsion générale donnée à l'Administration soit mauvaise, que des désordres ou des fautes puissent y être constatés, en quoi cela pouvait-il dispenser l'Inspecteur-Général de respecter dans les circonstances spéciales qui nous occupent les règles hiérarchiques ? Ces règles ont-elles été enfreintes ou non ? Si elle l'ont été, y a-t-il dans les circonstances qui ont directement accompagné ces infractions, des motifs d'atténuation, et quelle en est la valeur ?

Telles sont les deux seules questions qu'on semble devoir poser.

Or, à l'avis des Soussignés, le Ministère pourra trouver, tant dans le Rapport que dans la présente note, des éléments suffisants pour les résoudre.

Du reste, en supposant même que l'avis de la majorité de la Commission doive prévaloir, il ne pourrait évidemment s'agir que de circonstances atténuantes relatives aux faits de désobéissance envers le Directeur-Général.

La Commission tout entière a, en effet, reconnu qu'en ce qui touche la conduite de Mr. Shee envers le Ministre, il n'existe aucune circonstance atténuante. Sur ce dernier point donc, les éléments d'appréciation sont complets, aux yeux même de la majorité. (Voir Rapport No. 24.)

Or, les Soussignés considèrent les manquements hiérarchiques commis à l'égard du Ministre comme étant les plus graves, et comme pouvant suffire à apprécier toute cette affaire.

Nous plaçons, en terminant, à côté des considérations qui, à la fin du Rapport, résument l'opinion de la majorité sur la dernière question que nous venons d'examiner, les réflexions suivantes :—

Des impressions générales que nous avons déjà pu recueillir, il résulte que le service de l'Administration des Douanes est, par suite du conflit qui existe entre ses deux principaux fonctionnaires, gravement entravé.

En effet, comment avoir une autre opinion en présence de faits semblables à l'ordre du jour, communiqué par Mr. Archer Shee à ses employés, et leur enjoignant de ne pas se conformer aux ordres du Directeur-Général avant de lui en avoir communiqué les dispositions ? Le désaccord survenu entre ces deux employés supérieurs, livré ainsi à la publicité, a enlevé tout prestige à la Direction Générale, comme aussi il ne peut que nuire à l'autorité de l'Inspecteur-Général lui-même. Les employés ne sachant plus aux ordres de qui ils sont tenus d'obéir, on ne pourra plus compter sur leur subordination, et le service finira par tomber ainsi dans une véritable anarchie. (Voir Rapport No. 23.)

Cette situation ne peut que s'aggraver chaque jour, et il est légitimement permis de craindre qu'elle ne donne lieu, si elle se prolonge, à de nouveaux incidents.

Enfin, il ne s'agit, en somme, dans le premier chef d'enquête qui nous occupe, que d'une question de hiérarchie, et les questions de cette nature sont de celles qu'il importe de trancher aussitôt qu'on peut le faire ; sans le respect de la hiérarchie, il n'y a, pas plus en Egypte qu'ailleurs, de bonne administration possible.

Toutes ces observations qui se rapportent particulièrement à la conduite de Mr. Archer Shee, qui était principalement en cause dans le premier chef d'enquête, sont, bien entendu, faites sans préjudice pour les appréciations auxquelles l'examen du deuxième chef pourra donner lieu sur l'administration du Directeur-Général, et pour les conséquences qui pourront en résulter.

Mais ces appréciations étaient étrangères au premier chef, qui devait, pour le moment, d'après les instructions Ministérielles, être le seul objet de nos préoccupations.

Le Caire, le 29 Septembre, 1879.

(Signé)

ALFRED VACHER.
C. ARA.

Postscriptum.

En ce qui concerne le postscriptum ajouté au Rapport, les Soussignés ne croient pas pouvoir s'associer à la pensée exprimée par la majorité, ni même formuler d'opinion sur la décision à prendre par le Ministère.

Il nous paraît, en effet, que cela sort des pouvoirs de la Commission, qui ne nous semble avoir pour mission que de donner, comme elle l'a fait d'une manière complète, son avis sur les faits : en laissant au Ministère le soin d'en tirer telles conséquences que de droit.

ALFRED VACHER.
C. ARA.

No. 1515.

Mr. Malet to the Marquis of Salisbury.—(Received November 15.)

(No. 586. Political.)

My Lord,

Cairo, November 7, 1879.

I HAVE the honour to inclose the monthly statement of the Commissioners of the Public Debt which was published in the "Moniteur Egyptienne" on the 1st instant, on which date the Commissioners had, in their hands, a sum of 1,166,700*l.* on account of the Unified Debt, of which 1,147,200*l.* was devoted to the payment of the coupon at the rate of 2 per cent. for the half-year, thus leaving a balance of 19,570*l.* towards the coupon due on the 1st May next.

The receipts from the Moukabalah, on account of the short loans, amounted to 45,093*l.*, the coupon still remaining due out of the Revenues for this year being 29,389*l.* 10*s.*, due on the 22nd instant, and 152,073*l.* due on the 8th January next.

The receipts from the railway administration from the 15th to the 31st ultimo, amounted to 37,000*l.*

I have, &c.

(Signed)

EDWARD B. MALET.

Inclosure in No. 1515.

Extract from the "Moniteur Egyptien" of November 3, 1879.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE D'EGYPTE.

Etats Mensuels au 31 Octobre, 1879, des Sommes versées à la Caisse de la Dette Publique.

État No. 1.—DETTE Unifiée. Échéance du 1^{er} Novembre, 1879 (Intérêts et Amortissement), montant à 1,988,982l.

Désignation des Provinces et Administrations dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes versées du 1 ^{er} au 31 Octobre, 1879.	Sommes versées du 1 ^{er} Mai au 30 Sept., 1879.	Totaux au 31 Octobre, 1879.
	Prs. p.	Prs. p.	Prs. p.
Province de Garbieh	23,969,130 31	13,485,589 22	37,454,720 13
„ Menoufieh	12,817,760 16	8,559,883 29	21,377,644 05
„ Béhéra	10,151,324 02	3,451,595 15	13,602,919 17
„ Siout	2,183,450 00	33,700 33	2,217,150 33
Octrois du Caire	1,109,799 22	6,569,670 20	7,679,470 02
„ d'Alexandrie	1,430,000 00	2,467,199 09	3,897,199 09
Douanes	4,789,583 21	16,365,907 18	21,155,490 39
Droits sur les tabacs	575,179 32	2,378,807 15	2,953,987 07
Revenus du sel	2,251,187 17	1,182,848 20	3,434,035 37
Fermage de Matarieh	523,451 00	1,243,730 24	1,767,181 24
Ecluses et droits de navigation sur le Nil	656,127 37	1,727,130 25	2,383,258 22
Pont de Kasr-el-Nil	223,518 08	1,121,662 35	1,345,181 03
	60,680,512 26	58,587,726 25	119,268,239 11
Disponible au 30 Avril	..	..	10,371,949 21
			129,640,188 32
			15,880,020 00
			113,760,168 32
			Soit £1,166,770

Sur cette somme de £ 1,166,770
 Il avait été recouvré au 25 Octobre celle de £ 1,147,200
 Qui a été employée à payer un intérêt à 2 pour cent, à compte sur le coupon du 1^{er} Novembre et l'amortissement par tirage.

Reste disponible pour le coupon du 1^{er} Mai, 1880, aux termes de l'Article 4 du Décret du 15 Décembre, 1877 19,570

État No. 2.—EMPRUNTS 1864, 1865, 1867.

Semestrialité déjà Payée. (Intérêts et Amortissement.)	Semestrialités restant à Payer. (Intérêt et Amortissement.)
	£ s.
1879. 8 Janvier	39,689 10
1 ^{er} Avril	254,255 0
22 Mai	183,855 10
7 Juillet	153,165 0
1 ^{er} Octobre	252,222 0
	883,187 0
	181,462 10

Désignation des Provinces.	Sommes Versées du 1 ^{er} au 31 Octobre, 1879.	Sommes Versées du 1 ^{er} Janvier au 30 Sept., 1879.	Totaux au 31 Octobre, 1879.
Produit de la Moukabalah—	Prs. p.	Prs. p.	Prs. p.
Kineh	275,041 32	4,914,563 20	5,189,605 12
Isneh	25,000 00	965,639 08	990,639 08
Ghirgeh	570,000 07	7,496,034 20	8,066,034 27
Minieh	476,500 00	2,688,216 16	3,164,716 16
Fayoum	..	1,636,737 09	1,636,737 09
Benisouef	186,391 17	2,997,877 01	3,184,268 18
Ghizeh	148,430 19	3,526,835 06	3,675,265 25
Siout	..	11,299,700 35	11,299,700 35
Garbieh	233,388 07	14,601,200 31	14,834,588 38
Menoufieh	49,986 26	10,403,983 36	10,453,970 22
Béhéra	120,210 19	4,061,634 08	4,181,844 27
Charkieh	102,552 38	8,600,303 39	8,702,856 37
Dakahlieh	519,569 11	8,540,972 25	9 060,541 36
Gallioubieh	716,629 30	5,336,707 31	6,053,337 21
Gouvernorat de Rosette	12,059 21	1,070 11	13,129 32
	3,435,760 27	87,071,477 16	90,507,238 03
Sommes employées pour les semestrialités des 8 Janvier, 1 ^{er} Avril, 22 Mai, 7 Juillet, et 1 ^{er} Octobre, 1879	..	..	£ 928,280
			883,187
Reste disponible	..	..	45,093

État No. 3.—DETTE Privilégiée. Échéance du 15 Avril, 1880 (Intérêts et Amortissement), montant à 442,872l.

Désignation des Administrations dont les Revenus sont affectés à la Dette Privilégiée.	Sommes Versées du 1 ^{er} au 31 Octobre, 1879.
	Prs. p.
Chemins de Fer	3,607,500 00
Port d'Alexandrie	..
	3,607,500 00
	Soit, £37,000

Le Caire, le 1^{er} Novembre, 1879.

Les Commissaires-Directeurs de la Caisse de la Dette Publique,
 (Signé) P. BARAVELLI.
 V. BELLAIGUE DE BUGHAS.
 A. DE KREMER.
 A. COLVIN.

Pour copie conforme :
 Le Contrôleur,
 (Signé) W. Moq.

No. 1516.

Mr. Malet to the Marquis of Salisbury.—(Received November 15.)

(No. 590.)
 My Lord,

Cairo, November 8, 1879.

AN action has been brought before the International Tribunals against Mr. Felice, British Consular Agent at Zagazig. His legal adviser, Mr. Grosjean, has addressed a letter to me, of which I have the honour to inclose a copy, asking me to instruct Mr. Felice as to whether he should plead the incompetency of the Tribunals to entertain suits against Consular Agents.

It appears that recently the Tribunal of Appeal declared its competency in such cases in an action against a French Consular Agent, and gave judgment against the defendant. The judgment, however, was not executed in consequence of the Consular Agent receiving instructions from his Agent and Consul-General to resist execution by force if necessary.

I have the honour to request your Lordship to inform me what instructions I should give to Mr. Felice, and I have telegraphed to your Lordship on the subject, as Mr. Grosjean informs me that the case is to be tried immediately.

I regret to say that your Lordship's despatch to Mr. Vivian No. 7 of the 8th January is missing from the archives. The docket in the register shows that it bears immediately upon the question, but I have not been able to ascertain its contents.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1516.

Mr. Grosjean to Mr. Malet.

Sir,

I AM requested by my client, Mr. Salvatore Felice, the Consular Agent at Zagazig, to call your attention to the correspondence upon the question of the competence of the International Tribunal to entertain suits against Consular Agents.

By his despatch of the 24th May, 1879, his Excellency Chérif Pasha informs Mr. Vivian that the Court of Appeal has declared the Tribunal incompetent. This appears to be an error, since in the case of "D'Aubonne v. Hassan Barakat," reported in the "Recueil Officiel" of the Appeal Court, vol. ii, 1876-7, p. 63, the Court of Appeal declared the competency of the Tribunal, and doubtless that judgment will be followed again.

Mr. Felice is quite ready to plead the merit of the case, but this is avoiding the principle, and certainly will not increase the prestige of the English authority if the English Consular Agent accept the jurisdiction while the Agents of all other nations, doubtless acting under instructions, refuse to admit it, notwithstanding the opinion of the Court of Appeal. I have thought it well to refer you to the apparent mistake of the Minister, so that the instructions to Mr. Felice to maintain the plea of incompetence may not rest on an erroneous assumption.

As the case comes on for hearing immediately Mr. Felice will be glad to have any further instructions herein at your early convenience.

I have just learned that the case of D'Aubonne was never pressed to execution because the adverse lawyer (my informant and colleague, Mr. Petrochi) knew that the French authorities would forcibly oppose execution on such judgment.

I have, &c.
(Signed) J. KEITH GROSJEAN.

No. 1517.

Sir A. Paget to the Marquis of Salisbury.—(Received November 15.)

(No. 434.)

My Lord,

Rome, November 11, 1879.

M. CAIROLI and Count Maffei being absent when I called at the Ministry for Foreign Affairs this morning, I inquired for M. Malvano, the head of the Political Department, and acquainted him with the proposed changes in Article No. 3 of the Rothschild Loan Decree, as stated in your Lordship's telegram No. 68 of yesterday's date, and in which I informed him that your Lordship had concurred.

M. Malvano replied that the addition of the words "et exclusivement" after "entièrement" was entirely in accordance with the views of the Italian Government.

The word "flottante," he said, had stood originally, and "non-consolidée" had been proposed in its place, to which the Italian Government had agreed.

Either word was the same to them, and if England, Austria, and Germany now agreed to "flottante" the Italian Government would do so likewise. He would propose, therefore, to the Minister to telegraph at once instructions to the Italian Agent at Cairo to assent to the changes specified in your Lordship's telegram.

I have, &c.
(Signed) A. PAGET.

No. 1518.

Mr. Malet to the Marquis of Salisbury.—(Received November 16, morning.)

(No. 164.)

(Telegraphic.)

Cairo, November 15, 1879, 10 P.M.

THE Controllors' Decree and the Rothschild Decree were signed this evening, and will be published in the "Official Gazette" on Monday.

My official reception by the Khedive took place this morning.

No. 1519.

Lord Odo Russell to the Marquis of Salisbury.—(Received November 17.)

(No. 548. Confidential.)

My Lord,

Berlin, November 14, 1879.

M. DE RADOWITZ told me that, the Powers having all agreed to the proposed changes in the Rothschild Loan Decree, he believed that question to be by this time settled at Cairo.

In strict confidence, he added that, much as the German Government wished to act in harmony with that of Austria in all these questions, they did not feel inclined to support the Austrian proposal to add a third Controller to the Controllors-General, who would be alternately a German, Austrian, or Italian.

German interests, he said, were so small as compared with the vast interests of England and France in Egypt, that the German Government would not care to be involved in responsibilities which might, in the long run, become more embarrassing than advantageous to Germany; and he, for one, when the question came under discussion, would argue against the Austrian proposal.

M. de Radowitz begged I would consider what he had said as strictly private.

I have, &c.
(Signed) ODO RUSSELL.

No. 1520.

Messrs. Rothschild and Sons to the Marquis of Salisbury.—(Received November 18.)

My Lord,

New Court, November 17, 1879.

WE have on so many occasions during the last few months taken the liberty of troubling your Lordship in connection with our Egyptian business, and invariably met with such a courteous response, that we venture to hope we may again to-day be permitted to address your Lordship with these few lines.

We are, however, most anxious to lose no time in expressing to your Lordship our very deepest gratitude for the very valuable assistance which your Lordship was so good as to give us, in obtaining the consent of the different Powers to our Decree, and had it not been for the immense influence of Her Majesty's Government this great and important step could never have been attained, a step which we believe is calculated to place our loan on a basis of security which, we trust, can defy all criticisms.

We will not take up the valuable time of your Lordship by referring to the manifold incidents and intricacies which for nearly a year have prevented this important financial operation from being carried through, difficulties which not even the brightest intelligence in all financial matters could have anticipated or foreseen.

We beg, therefore, my Lord, most respectfully, to be permitted to tender to your Lordship our most heartfelt thanks, not only for having vindicated our rights as British subjects, but for having through your invaluable aid enabled us to carry out a great financial transaction, which emanated solely from one whose memory we so naturally revere, and so vividly cherish.

We have, &c.
(Signed) N. DE ROTHSCHILD AND SONS.

No. 1521.

The Marquis of Salisbury to Mr. Malet.(No. 85.)
(Telegraphic.)*Foreign Office, November 18, 1879, 3 P.M.*

IT is reported that the Egyptians say they will not be able to pay the Suez Canal interest.

You had better see to this in time.

No. 1522.

The Marquis of Salisbury to Mr. Malet.

(No. 320.)

Foreign Office, November 18, 1879.

Sir,

IT is reported here that the Egyptian Ministers state that they will not be able to pay the next dividend on the Suez Canal shares, and I have, therefore, warned you of this rumour by telegraph, in order that you may inquire into its accuracy at once.

I am, &c.
(Signed) SALISBURY.

No. 1523.

The Marquis of Salisbury to Count Károlyi.

(Private.)

Foreign Office, November 18, 1879.

My dear Count Károlyi,

ALLOW me to inclose some observations which we desire to submit to the consideration of your Government in reference to the memorandum forwarded to me last week upon Egyptian affairs by Count Montgelas.

I take the opportunity of saying that the memorandum is in error in speaking of the new Controllers' Decree as conferring upon the Controllers the right of deposing the administrative officers of the Egyptian Government, or giving them a deliberative voice in the Council. They will only have a consultative voice, and they are only empowered by the Decree to dismiss the clerks composing their own bureau.

Yours, &c.
(Signed) SALISBURY.

Inclosure in No. 1523.

Memorandum.

IN the memorandum forwarded to me from the Austrian Embassy on Monday last the Austro-Hungarian Government appeared to entertain the view that, in order to the protection of its interests in Egypt, one of two precautions would be necessary, either that a third Controller should be appointed who should not represent the Western Powers, or that a larger scope should be given to the Commission which it is proposed to appoint for the liquidation of the Egyptian Debt. A selection of one or other of these alternatives is apparently looked upon by the Austro-Hungarian Government as a condition precedent to their consent to the adoption of any liquidation scheme.

I have already expressed the opinion that neither Her Majesty's Government nor the French Government will find it possible to accede to the proposal that a third Controller should be appointed. I need not return to the considerations which, in our judgment, make that provision impracticable.

It remains, therefore, to examine the other alternative suggested in the memorandum from the Austrian Embassy. We see, in principle, no objection to intrusting extensive powers to the Liquidation Commission, and making it as strong as it can properly be made for the performance of the duties confided to it. But it is necessary to inquire what the nature of the powers will be which it is proposed to confer upon this Commission, and how far that extension of powers is germane to the object for which the Commission has been set up.

The natural functions of a Commission of Liquidation are simple enough, and not subject to any ambiguity. It is their business to ascertain what debts the debtor has incurred; what assets he has wherewith to meet them, and if, as in the present case, the assets are insufficient, in what proportion each creditor should be paid.

This last function is one of great delicacy, requiring the constitution of an impartial Commission, and the selection of members competent by knowledge and capacity for their task. But our opinion has always been that when such a Commission has been appointed, its powers ought to be very large. It should be authorized not only to ascertain the most equitable manner of dividing the assets, but to determine that division finally, by a Decree from which there shall be no appeal.

This is the authority which, in conjunction with the Government of France, we have invited the Powers to confer upon the Commission, and we shall heartily second the Austro-Hungarian Government in any suggestion calculated to give to this authority a more perfect and efficacious form.

Some words in the memorandum would seem to indicate that the Austro-Hungarian Government desire that powers should be conferred upon the Liquidation Commission in excess of those which I have described. We do not find it easy to conjecture what powers these would be, or with what functions they would be connected. For naturally the sole end of a Commission of Liquidation is to liquidate, and when that task is done its mandate is exhausted. If it is authorized to do anything besides liquidating, it becomes a Commission of a different kind, exercising new functions and operating upon a new subject-matter. In the absence of more precise explanations it is difficult to discuss the expediency of conferring additional and subsidiary functions upon the Commission of Liquidation, for we do not at present know the precise end at which the Austrian suggestions are aimed.

It may perhaps, however, be useful to glance at one or two suppositions. It is possible that the Austro-Hungarian Government contemplate that the Liquidation Commission should take an administrative part in the ordinary government of the country; that is to say, in the government of the natives of Egypt. We do not think this supposition probable, for it is a policy to which the objections appear to us manifest and indisputable. International Commissions are bodies which it may be necessary to employ where the competing, or at least separate, rights of various nations are in issue; but it is only this circumstance that can justify their employment. As instruments of government they are ineffective, slow, inert, and liable to constant interruptions in any policy upon which for a moment they may agree by changes which may supervene in the relations of the Governments which their individual members represent. In addition to these difficulties, in this particular case the government of Egypt by a Commission representing five or six foreign and Christian Powers would be a Government little qualified for its task, either by knowledge of the subject or sympathy with the people.

Turning from this improbable alternative, it is more likely that the Austro-Hungarian Government contemplate giving some kind of fuller organization to the rights which foreign countries enjoy in Egypt under the Capitulations. These are rights, it is needless to say, which only come into operation where the interests of foreigners are concerned. A desire to give to them a practical and orderly operation has resulted already in the creation of the Mixed Tribunals. But the Mixed Tribunals have this grave defect—or at least imperfection—that they are a judiciary dispensing a law, without a Legislature to lay it down. They administer a Code which, so far as anybody in Egypt is concerned, cannot be changed. It is against the experience of the world that an immutable law can long continue in operation without the gravest inconvenience. The only machinery now existing for introducing changes into the Code which the Tribunals administer is a diplomatic negotiation carried on between the various capitals of Europe. The cumbrous character of the process through which alone any enactment affecting foreigners in Egypt can be made has been sufficiently illustrated in the history of the Rothschild Decree. Whether it would be possible to invest the persons who constitute the Commission of Liquidation, or any other body of foreign representatives in Egypt, with authority on behalf of the Powers to recommend and sanction necessary modifications in the Code administered by the Tribunals, without a formal negotiation on each occasion, is a question well worthy of careful consideration. We will not discuss it at length until we know whether it is in this or any similar direction that the suggestions of the Austro-Hungarian Government are intended to point. Nor should we feel ourselves justified in expressing a definite opinion upon it till we had had the opportunity of knowing the feelings of other Powers.

But these questions, however important, have nothing to do with the question

which now presses most urgently for solution at the hands of the Powers, namely, whether an International Commission of Liquidation shall or shall not be appointed. It is a mistake to suppose that any of the Powers have a peculiar or special interest in the appointment of this Commission. To England, politically, it matters very little. To the Egyptian Government it is principally important as a means of introducing clearness and regularity into the administration of their finances. But the persons whom it chiefly interests are the creditors of the Egyptian Government, and it only interests the different Governments of Europe in so far as their nationals are creditors of the Khedive. Assets do not exist for paying in full the various claims upon the Egyptian Treasury. A considerable portion of them, however, can be paid, and in the interest of the creditors it is of importance that the distribution of these resources should be made by a competent authority upon equitable principles. But this can only be done if a Commission of Liquidation is appointed by the Powers. If no such Commission is appointed, no authority will exist, except that of the Khedive himself, to determine how much of his revenues are required for the purposes of his Government, what residue is to be left for the payment of debt, and in what proportion the various creditors shall be paid. It will rest exclusively with him to decide upon the various delicate and difficult questions which such an apportionment necessarily raises.

The question which awaits the decision of the Austro-Hungarian Government is whether they do or do not desire the dealings of the Egyptian Government with its creditors to take this course. In order to assure the regular march of Egyptian affairs so far as possible, it is highly desirable that the Governments concerned should come to the earliest possible decision, either affirmative or negative, of the questions which England and France have submitted to them; and I hope the Austro-Hungarian Government will, on consideration, recognize the practical advantages which will attend the course that we have proposed.

S.

November 18, 1879.

No. 1524.

Mr. Malet to the Marquis of Salisbury.—(Received November 19.)(No. 165.)
(Telegraphic.)

Cairo, November 18, 1879.

THE Rothschild Decree has been sent to foreign Representatives in a Circular, stating that Decree has been issued after agreement between Powers and Government, that the differences between it and final draft are restricted to addition of a 4th Article and the insertion of the word "exclusivement" in the first sentence of the 3rd Article, and concludes by saying it is understood that employés and pensioners of Government to whom arrears are due should be creditors of non-consolidated debt, and will be treated according to principle established by Commission of Inquiry.

The Minister for Foreign Affairs begs that I will write an official adhesion to the Decree as speedily as possible. The answers of all the Representatives will be communicated forthwith to the Tribunals.

May I write a note announcing the adhesion of Her Majesty's Government?
The Austrian Consul-General has already done so.

No. 1525.

Mr. Malet to the Marquis of Salisbury.—(Received November 19, 12:30 P.M.)(No. 166.)
(Telegraphic.)

Cairo, November 19, 1879, 1 P.M.

YOUR Lordship's No. 85.

Riaz Pasha informs me that the Government will not be able to pay either the tribute or the interest on the Suez Canal shares due at the beginning of December.

No. 1526.

The Marquis of Salisbury to Mr. Malet.(No. 86.)
(Telegraphic.)

Foreign Office, November 19, 1879, 7 P.M.

YOURS 165.

You may convey adhesion of Her Majesty's Government.

No. 1527.

The Marquis of Salisbury to Mr. Malet.(No. 322.)
Sir,

Foreign Office, November 19, 1879.

I HAVE received your telegram No. 165 of the 18th instant, stating that the Egyptian Government have communicated to the foreign Representatives the Decree issued to protect from seizure the Daira lands pledged as security for the Rothschild Loan, and that this communication has been accompanied by a Circular explanatory of the alterations which have been made in the final draft of the Decree, and stating that employés and pensioners of the Government to whom arrears are due will be considered as creditors of the non-consolidated debt.

I have, in reply, authorized you by telegraph to convey the adhesion of Her Majesty's Government to the terms of the Decree.

I am, &c.
(Signed) SALISBURY.

No. 1528.

Lord Lyons to the Marquis of Salisbury.—(Received November 20.)

(No. 1150. Very Confidential.)

My Lord,

Paris, November 19, 1879.

WITH reference to my despatch No. 1127, Very Confidential, of the 11th instant, I have the honour to report that M. Waddington told me this afternoon that Prince Bismarck had said to the Comte St. Vallier at Varzin that the German Government were not prepared to support the Austrian pretension respecting the appointment of a third European Controller in Egypt, and had added that he had advised the Austrian Government to drop this pretension.

M. Waddington went on to say that a few days ago Count Beust, the Austrian Ambassador here, had spoken to him on the subject of this third Controller, and that he had answered that the proposal could not be listened to for a moment.

Count Beust had appeared (M. Waddington observed) to be speaking rather for form's sake than with the intention of pressing the matter.

M. Waddington had not yet, indeed, been informed by the Austrian Government that they desisted from their pretension respecting the Controller; but he was disposed to think that we should not have much more trouble about it.

He desired me to report to your Lordship that he continued to be decidedly of opinion that it would be advisable for France and England to oppose also a firm resistance to the pretensions of Austria respecting the Liquidation Commission.

I have, &c.
(Signed) LYONS.

No. 1529.

Lord Lyons to the Marquis of Salisbury.—(Received November 20.)

(No. 1151.)

My Lord,

Paris, November 19, 1879.

AS your Lordship is aware, Major Baring left Paris on his way to Egypt on the 13th instant.

M. de Blignières set out from this place this morning to join Major Baring in Egypt.

[1260]

I understand that Nubar Pasha will leave Paris to-morrow in order to embark for Egypt by the next packet from Brindisi.

I have, &c.
(Signed) LYONS.

No. 1530.

Lord Lyons to the Marquis of Salisbury.—(Received November 20.)

(No. 1152.)

My Lord,

Paris, November 19, 1879.

M. WADDINGTON said to me this morning that he conceived one of the first acts of Major Baring and M. de Blignières, on entering upon their new functions in Egypt, would be to recommend the Khedive to take the initiative, pending the institution of a "Commission de Liquidation," and to offer himself to his creditors of all classes a scheme for coming to a fair composition with them. This scheme would not, M. Waddington observed, have any compulsory character. It would be open to any creditor either to accept it or to leave his claims to be dealt with hereafter.

M. Waddington went on to say that M. de Blignières had shown him a draft of such a scheme, and that, generally, he had approved it; but that, of course, nothing could be considered as settled on the subject until M. de Blignières had come to a final agreement with Major Baring respecting it.

I have, &c.
(Signed) LYONS.

No. 1531.

The Marquis of Salisbury to Mr. Corbett.

(Telegraphic.)

Foreign Office, November 20, 1879, 4.45 P.M.

MESSRS. ROTHSCHILD request Her Majesty's Government to ask the Greek Government to authorize Greek Agent at Cairo to assent to Rothschild Loan Decree which has been issued by Khedive after communication with Great Britain and other Powers.

Apply to Greek Government accordingly.

No. 1532.

The Marquis of Salisbury to Mr. Corbett.

(No. 101.)

Sir,

Foreign Office, November 20, 1879.

MESSRS. ROTHSCHILD have requested the good offices of Her Majesty's Government with that of Greece in order that the Greek Agent at Cairo may receive instructions to assent to the Decree just issued to protect from seizure the Daira lands pledged as security for the recent Egyptian Loan. The Decree in question has been signed by the Khedive after consultation with Great Britain and other Powers concerned in the matter, and has their consent and approbation.

I have accordingly requested you, by telegraph, to make a representation to the Greek Government in the sense desired.

I am, &c.
(Signed) SALISBURY.

No. 1533.

Lord Tenterden to Sir R. Lingen.

Sir,

Foreign Office, November 20, 1879.

I AM directed by the Marquis of Salisbury to inform you that Her Majesty's Agent and Consul-General at Cairo has reported by telegraph a statement made to him

by Riaz Pasha, the Egyptian President of the Council, to the effect that the Khedive's Government will be unable to pay either the next instalment of the Tribute or the interest on the Suez Canal shares purchased by Her Majesty's Government, which comes due at the beginning of next month.

Lord Salisbury requests that you will bring this statement on the part of the Egyptian Government to the knowledge of the Lords Commissioners of Her Majesty's Treasury.

I am, &c.
(Signed) TENTERDEN.

No. 1534.

Lord Tenterden to Messrs. Rothschild and Sons.

Gentlemen,

Foreign Office, November 21, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 17th instant.

Lord Salisbury has received with much gratification the expression of your thanks for the part taken by Her Majesty's Government in the discussion of the matters connected with the recent Egyptian Loan. He is glad that they have been able to contribute towards a settlement of the question immediately at issue in a manner satisfactory to your firm, and, he believes, as favourable as circumstances would admit both to the interests of the Egyptian Government and of its creditors.

I am, &c.
(Signed) TENTERDEN.

No. 1535.

Mr. Malet to the Marquis of Salisbury.—(Received November 22.)

(No. 602.)

My Lord,

Cairo, November 13, 1879.

MR. LASCELLES' despatch to your Lordship No. 576, Political, of the 31st instant, informed your Lordship that the Austrian Government withheld their consent to the draft Rothschild Decree until the 4th Article which we had proposed should be accepted, as well as the modification suggested by Germany in the wording of the 3rd Article, the text of which was given in Mr. Lascelles' above-mentioned despatch.

The Egyptian Government accepted the 4th Article, but appears not to have been sufficiently made aware of the German proposal being also a necessary condition; otherwise it would have taken earlier steps to ascertain if the other Powers agreed to it. The Minister for Foreign Affairs came to me on the 10th instant, and requested me to inquire whether your Lordship would accept it, and I did so immediately by telegraph.

On the 11th instant I received your Lordship's telegram stating that your Lordship consented if Germany urged the change and the consent of France was given, but on the understanding that native employés to whom arrears are due should be included among the creditors of the floating debt.

I informed Riaz Pasha of this condition yesterday morning, and he cheerfully accepted. In order that there might be no mistake, I afterwards gave a *note verbale* on the subject, of which I have the honour to inclose a copy, to Mustapha Pasha Fehmy, Minister for Foreign Affairs.

His Excellency informed me that he was still waiting to know whether Germany continued to desire the change, as the Acting Consul-General had no precise instructions on the subject. He had received the assent of all the Great Powers, including Russia, and only waited for news from the German Representative to issue the Decree.

I have, &c.
(Signed) EDWARD B. MALET

Inclosure in No. 1535.

Note Verbale.

SI l'Allemagne insiste sur la rédaction de l'Article 3 du Décret Rothschild suggérée par elle, l'Angleterre y donne son consentement à condition que les employés indigènes auxquels des arriérés sont dus soient considérés comme créanciers de la dette flottante.

(Signé) EDWARD B. MALET.
Agence d'Angleterre, Caire, ce 12 Novembre, 1879.

No. 1536.

Mr. Malet to the Marquis of Salisbury.—(Received November 22.)

(No. 603. Political.)

My Lord,

Cairo, November 15, 1879.

MR. LASCELLES informed your Lordship by telegram on the 31st instant, and in his despatch No. 573, Political, of the same date, of the changes which the Egyptian Government desired to introduce into the draft of the Decree concerning the attributions of the Controllers-General, which had been submitted to them for acceptance by the Governments of France and England.

Previous to my arrival, Riaz Pasha had been made aware that all the modifications which he desired had been consented to by the two Governments, with the exception of the suppression of the words "pour le moment" and "actuellement" in the 3rd Article.

His Excellency had been informed, in conformity with the terms of your Lordship's telegram No. 71 of the 3rd instant, that to omit these words would be to abandon the Decree of November 1876.

Riaz Pasha expressed much reluctance to the presence of these words, and, on the 8th instant, Mustapha Pasha Fehmi, Minister for Foreign Affairs, requested me to ask your Lordship if you would consent to the 3rd Article being changed, so that the first paragraph should run as follows:—

"Art. 3. Les Gouvernements de la France et de la Grande Bretagne ayant consenti à ce que pour le moment les Contrôleurs-Généraux n'exercent pas les attributions qui leur étaient conférées par le Décret du 18 Novembre, 1876, les Contrôleurs-Généraux ne prendront pas part à la direction des services administratifs et financiers, et ils se borneront actuellement à communiquer soit à nous, soit à nos Ministres les observations auxquelles leurs investigations auront donné lieu."

His Excellency went on to say that if Her Majesty's Government could not accept this alteration, the Egyptian Government would be willing to issue the Decree as it stood, provided an official note were addressed to them containing the reasons for retaining the words "pour le moment" and "actuellement," which your Lordship had given in your telegram to Mr. Lascelles No. 71, which I have cited above.

I informed Riaz Pasha and Mustapha Pasha Fehmi on the 12th instant that I had received a telegram from your Lordship stating that it was impossible for Her Majesty's Government to accept the emendation proposed, as the words employed in it were ambiguous, and would lead to future controversy, but that your Lordship was quite ready to repeat in the form of an official note the explanation of the retention of the words which had been given in your previous telegram.

M. Monge, the French Acting Agent and Consul-General, had, in the meantime, received instructions similar to those with which your Lordship had honoured me, and we drew up in concert a note which we submitted to Riaz Pasha, to learn if, on its being sent to him, the Decree would be issued. His Excellency suggested some modifications, which we had no difficulty in accepting, and I therefore telegraphed the text to your Lordship, and asked whether I was authorized to sign. I yesterday received your Lordship's permission to do so if the French Government also approved. M. Monge, my French colleague, informed me that he had authority to sign, and we accordingly signed and despatched the note yesterday evening.

I have seen the Minister for Foreign Affairs this morning, and he hopes to be able to announce to me, before the mail closes, that the Decree has been signed.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1537.

Mr. Malet to the Marquis of Salisbury.—(Received November 22.)

(No. 605. Political.)

My Lord,

Cairo, November 15, 1879.

MR. LASCELLES informed your Lordship in his despatch No. 549, Political, of the 9th ultimo, that a Greek gentleman, named Antoniadis, had brought an action against M. Menager, with a view to prevent the sale of the houses forming part of the property ceded by the late Khedive and his family, against which M. Menager had taken out an "inscription hypothécaire." Judgment went against M. Antoniadis, who appealed, and I have now the honour to inclose the Judgment of the Court of Appeal at Alexandria.

This Judgment confirms that of the Lower Court, but releases M. Antoniadis from damages, and condemns him only to the costs of the action before the Court of First Instance and the Court of Appeal.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1537.

Extract from the "Phare d'Alexandrie" of November 13, 1879.

LA Cour d'Appel a rendu ce matin, dans l'affaire Antoniadis-Ménager, son Arrêt dont voici le dispositif:—

"Par ces motifs:

"La Cour jugeant publiquement et contradictoirement,

"Le ministère public entendu,

"Après en avoir délibéré,

"Reçoit en la forme tant l'appel principal d'Antoniadis que l'appel incident Ménager et statuant sur ces deux appels, réformant, déclare recevable la demande d'Antoniadis agissant en sa qualité de souscripteur de l'Emprunt Domaniyal, et tendant à la revendication des deux immeubles saisis par Ménager;

"Au fond déclare mal fondé et en déboute l'appelant;

"Rejette, au contraire, comme irrecevable pour avoir été introduite hors des délais de la loi, l'action d'Antoniadis tendant à la nullité des poursuites en saisie immobilière intentées par Ménager contre le Gouvernement Egyptien;

"Dit n'y avoir lieu de condamner Antoniadis à des dommages-intérêts envers Ménager; le décharge en conséquence de toute condamnation à cet égard;

"Condamne Antoniadis soit envers toutes les parties en cause, soit envers la caisse judiciaire, aux entiers dépens de Première Instance et d'Appel, y compris les frais de défense."

No. 1538.

Sir H. Elliot to the Marquis of Salisbury.—(Received November 22.)

(No. 194.)

(Telegraphic.)

Vienna, November 21, 1879.

BARON HAYMERLE has written a private letter to Count Károlyi about the Liquidation Commission. He hopes that if Her Majesty's Government cannot altogether accept his views, they will not absolutely reject them, but will intimate modifications they would desire, or make counter-proposition.

He argues that if the liquidators are to prepare a law reducing the interest to be paid to the bondholders it is necessary for them to be able to satisfy themselves of the amount that will be available.

I pointed out to him the objections to any arrangement having the effect of rendering the Controllers-General in any manner subordinate to or under the control of the liquidators. He repudiates all wish to obtain political influence in Egypt, but insists that those who are to decide upon the dividends to be paid must, in justice to the creditors, have at least the semblance of means to ascertain the amount that they will have to deal with.

[1260]

My impression is that he would be satisfied with something little more than a form, provided that it has the appearance of securing this; but though I am sure it is his desire to come to an agreement with Her Majesty's Government upon this question, it will be difficult to induce him altogether to abandon the ground he has taken upon this point.

No. 1539.

Mr. Malet to the Marquis of Salisbury.—(Received November 22, 2.50 P.M.)

(No. 167.)
(Telegraphic.)

Cairo, November 22, 1879, noon.

MAJOR BARING, who arrived on the 20th, learnt yesterday from Riaz that the Government has decided to relieve Mr. Scrivenor of his functions, and to abolish the post held by Mr. Archer Shee, thus leaving the Customs in native hands.

I have received a verbal assurance from Riaz that if the Customs are again put under foreign control, Englishmen will be employed.

No. 1540.

Mr. Malet to the Marquis of Salisbury.—(Received November 22, 3 P.M.)

(No. 168.)
(Telegraphic.)

Cairo, November 22, 1879.

GREECE has not yet adhered to Rothschild Decree, and is expected to make difficulties, and even to refuse.

Riaz would be grateful if pressure were brought to bear upon her by England and France. The other Powers have all adhered or are expected to adhere.

No. 1541.

[Lord Lyons to the Marquis of Salisbury.—(Received November 23.)

(No. 1163.)
My Lord,

Paris, November 22, 1879.

I HAD the day before yesterday the honour to receive your Lordship's despatch No. 1367 of the 14th instant on the subject of the proceedings of the Mixed Tribunals in Egypt respecting the ceded Daira lands.

I inclose a copy of a note which I have in consequence addressed to the French Minister for Foreign Affairs. |

I have, &c.
(Signed) LYONS.

Inclosure in No. 1541.

Lord Lyons to M. Waddington.

M. le Président du Conseil,

Paris, November 22, 1879.

I DID not fail to communicate to the Marquis of Salisbury the note which your Excellency addressed to Mr. Adams on the 6th of this month, in answer to the note dated the day before, in which he had the honour to lay before you the views of Her Majesty's Government on the subject of the proceedings of the Mixed Tribunals in Egypt with regard to the Daira lands ceded as security for the Rothschild Loan.

Since your Excellency's note was written a general agreement has been come to on the terms of the Rothschild Decree, and this agreement seems to render it unnecessary to discuss any further the conduct which it would have been expedient to adopt if the negotiations upon that point had failed.

With respect, however, to the renewal of the powers of the Mixed Tribunals, Her

Majesty's Government trust that the considerations which they have urged will appear to the French Government to deserve careful attention.

(Signed) LYONS.

No. 1542.

Mr. Corbett to the Marquis of Salisbury.—(Received November 23.)

(Telegraphic.)

Athens, November 22, 1879.

I HAVE spoken to Greek Minister for Foreign Affairs in sense of your Lordship's telegram of the 20th instant. His Excellency tells me that the Rothschild Loan Decree of the 18th November having been issued before it was known here, the Government hesitated to instruct their Agent to express an [? opinion] in regard to it, for fear of responsibility towards Greek creditors whose rights might be injured by the terms of it. Agent instructed to maintain a reserved attitude.

No. 1543.

Mr. Plunkett to the Marquis of Salisbury.—(Received November 24.)

(No. 599.)

My Lord,

St. Petersburg, November 19, 1879.

I HAVE the honour to inform your Lordship that the "Novoe Vremya" has published information that Messrs. Khludoff, Konshin, and Tretiakoff, cotton manufacturers of Moscow, accompanied by M. Behr, representative of well-known cotton spinning and weaving firms, have gone to Egypt to buy up the whole of this year's cotton crop, and to hire lands there for the cultivation of that product. This undertaking is alluded to by another Slavophil newspaper, the "St. Petersburg Vedomosti," with expressions of rapturous delight.

Your Lordship will doubtless remember that M. de Giers, as reported in my despatch No. 294, Confidential, of the 25th June last, declared that Russia had no material interests in Egypt which called on her to interfere there. If, however, Russian cotton manufacturers absorb the trade in that article, there will be an excuse for Russia to mix herself up in the settlement of any future questions in that country.

I have, &c.
(Signed) F. R. PLUNKETT.

No. 1544.

The Marquis of Salisbury to Sir H. Elliot.

(No. 178.)
(Telegraphic.)

Foreign Office, November 24, 1879.

WE have never objected to bestowing on Liquidation Commission the fullest powers necessary to enable them to inform themselves thoroughly on all matters relating to their task. The larger the powers they have to enable them to perform this task the better.

What we object to is that they should revive powers which have to do, not with liquidating, but with governing the country after the liquidation is over.

No. 1545.

*The Marquis of Salisbury to Mr. Malet.**

(No. 87.)
(Telegraphic.)

Foreign Office, November 24, 1879, 12.15 A.M.

I GATHER that default in the payment of the tribute is due to gross revenues of pawned provinces having been set aside entirely for Unified Debt, while the expenses of administration have been defrayed from the other provinces, and the residue only, after this deduction, has been applied to tribute.

If this be so you should object energetically. Tribute is a mortgage over the

* Repeated to Lord Lyons.

whole revenues of Egypt, standing before every other mortgage of whatever kind, and the mere fact that the Sultan has no longer any great interest in it must not be allowed to justify its being postponed to the claims of private creditors.

No. 1546.

The Marquis of Salisbury to Mr. Malet.

(No. 88.)
(Telegraphic.)

Foreign Office, November 24, 1879, 12.45 A.M.

WE have already given instructions to press Greece to assent to Rothschild Loan Decree.

Answer repeated to you.

[See No. 1542.]

No. 1547.

The Marquis of Salisbury to Mr. Malet.

(No. 89.)
(Telegraphic.)

Foreign Office, November 24, 1879, 2 A.M.

PRINCE HALIM called on me on Saturday, explained to me the origin and extent of his claims against the Egyptian Government, complained that the Commission of Inquiry in their last Report had struck his claim out without examining it, and asked me to call the attention of the Egyptian Government to it. This I promised to ask you to do; at the same time explaining that it was not our business to judge of such claims, which would be done, I hoped, by a Commission of Liquidation. I advised him to appear before them by counsel.

No. 1548.

The Marquis of Salisbury to Mr. Malet.

(No. 325.)

Sir,

Foreign Office, November 24, 1879.

WITH reference to the announcement made to you by Riaz Pasha, that the Egyptian Government would be unable to pay the next instalment of the Egyptian Tribute, I gather from the information at my disposal that this default is due to the fact that the gross revenues of those provinces which have been assigned for the service of the Unified Debt have been entirely set aside for that purpose, while the expenses of Egyptian administration have been defrayed from the receipts from the remaining provinces, and that the residue only of the revenues after this deduction has been applied to the payment of the Tribute.

If this be the case you should decidedly object to such a mode of procedure. The Tribute must be considered as a mortgage over the whole revenues of Egypt, taking precedence of every other mortgage of whatever kind, and the mere fact that the Sultan has assigned it as security for certain of the Turkish loans, and has no longer the same immediate interest in it, cannot be held to justify its being postponed to the claims of private creditors.

The substance of the above has been communicated to you by telegraph.

I am, &c.
(Signed) SALISBURY.

No. 1549.

The Marquis of Salisbury to Mr. Malet.

(No. 328.)

Sir,

Foreign Office, November 24, 1879.

PRINCE HALIM called on me on the 22nd instant, and explained to me the origin and extent of his claim against the Egyptian Government. His Highness complained that the Commission of Inquiry, in their last Report, had struck out his

claim without examination, and he asked me to bring it to the notice of the Egyptian Government.

I promised that I would request you to do so, but I explained at the same time that it was not within the province of Her Majesty's Government to pass any judgment upon the validity or otherwise of such claims. I said that I trusted this duty would be assigned to a properly-constituted Commission of Liquidation, and I advised His Highness to take steps to be represented before it by counsel.

I am, &c.
(Signed) SALISBURY.

No. 1550.

The Marquis of Salisbury to Lord Lyons.

(No. 1410.)

My Lord,

Foreign Office, November 24, 1879.

WITH reference to your Excellency's despatch No. 1150 of the 19th instant, I may state that I saw Count Károlyi on the 20th instant, and that his Excellency's tone in speaking of the Austrian demand for a third Controller led me also to the conclusion that the Austro-Hungarian Government had no intention of pressing their proposal.

I am, &c.
(Signed) SALISBURY.

No. 1551.

The Marquis of Salisbury to Sir H. Elliot.

(No. 750.)

Sir,

Foreign Office, November 24, 1879.

WITH reference to your telegram of the 21st instant, stating that Baron Haymerle insists that those who are to decide upon the dividends to be paid must, in justice to the creditors, have at least the semblance of means of ascertaining the amount with which they will have to deal, I have to state to your Excellency that Her Majesty's Government have never been unwilling to invest the Liquidation Commission with the fullest powers necessary to enable them to inform themselves thoroughly on all matters appertaining to their task.

No resistance has been offered to the bestowal on them of any authority that may be requisite for the due execution of their functions.

The objections raised by Her Majesty's Government have been directed to proposals, of which the effect would have been to confer on the Liquidation Commission the power, not of accomplishing their liquidation, but of interfering in the government of the country.

I am, &c.
(Signed) SALISBURY.

No. 1552.

The Marquis of Salisbury to Sir H. Elliot.

(No. 761.)

Sir,

Foreign Office, November 25, 1879.

COUNT KÁROLYI called upon me to-day and read to me, with respect to the Egyptian negotiations, a private letter which he had received from Baron Haymerle, of which the purport was closely in accordance with the telegram received from your Excellency on the 21st instant. It was couched in very conciliatory language, and appeared rather to aim at extricating the Austro-Hungarian Government from a position of embarrassment by offering to accept a compromise upon some minor points. It appears to me probable that an agreement between the two Governments may be arrived at by investing the Liquidation Commission with extensive powers of inquiry and inspection, and concluding the negotiation for a Liquidation Commission without further raising any questions with respect to the more permanent government of Egypt.

I am, &c.
(Signed) SALISBURY.

[1260]

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Mr. Malet to the Marquis of Salisbury.—(Received November 26.)

(No. 608.)

My Lord,

Cairo, November 17, 1879.

I HAVE the honour to transmit herewith copies of the Decree signed on the 15th instant by the Khedive regarding the land and property hypothecated to Messrs. Rothschild in consideration of the loan to be made by them to the Government of Egypt, and of a Circular from the Minister for Foreign Affairs, transmitting the Decree to the foreign Representatives at Cairo.

The Circular states that the Decree has been issued after an understanding come to with the Powers regarding it.

It calls attention to the change made to the last draft by the addition of a 4th Article and the insertion of the word "exclusivement" in the 3rd Article, and it concludes by observing that it is well understood that the employés and pensioners of the Government to whom arrears are due are creditors of the non-consolidated debt, and will be treated according to the principle established by the Commissioners of Inquiry.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure 1 in No. 1553.

Moustapha Fehmy Pasha to Mr. Malet.

(Circulaire.)

M. l'Agent et Consul-Général,

Le Caire, le 16 Novembre, 1879.

POUR faire suite aux Circulaires que ce Ministère a eu l'honneur de vous adresser, le 2 Juillet et le 20 Septembre de cette année, au sujet de l'Emprunt Rothschild, je m'empresse de vous transmettre copie du Décret rendu par Son Altesse le Khédive, en date d'hier, après une entente entre les Puissances et son Gouvernement.

Ainsi que vous ne manquerez pas de le remarquer vous-même, M. l'Agent et Consul-Général, les changements qui ont été apportés à la dernière rédaction de ce Décret, consistent dans l'adjonction d'un quatrième Article et du mot "exclusivement" à la première phrase de l'Article 3.

Je crois devoir également attirer votre attention, M. l'Agent et Consul-Général, sur le fait, qu'il reste bien entendu que les employés et les pensionnaires du Gouvernement, auxquels des arriérés sont dus, forment partie des créanciers de la Dette Non-Consolidée, et seront traités conformément au principe établi par la Commission d'Enquête.

Veuillez, &c.

Le Ministre des Affaires Etrangères,
(Signé) MOUSTAPHA FEHMY.

Inclosure 2 in No. 1553.

Decree.

NOUS, Khédive d'Egypte,

Considérant qu'à la date du 31 Octobre, 1878, un emprunt de 8,500,000L. a été contracté au nom de l'Etat, par les soins de MM. de Rothschild and Sons, à Londres, et MM. de Rothschild Frères, à Paris;

Considérant que, pour donner suite au Décret du 26 Octobre, 1878, et répondre à la commune intention des parties, il y a lieu de prendre les dispositions nécessaires, en vue de réserver les biens cédés par notre famille, à la garantie spéciale et exclusive de cet emprunt;

Notre Conseil des Ministres entendu;

Décrétons :

Article 1^{er}. Jusqu'au complet amortissement de l'Emprunt Domanial, les biens cédés par notre famille à l'Etat seront insaisissables et ne pourront être aliénés que par les Commissaires des Domaines, dans les conditions prévues ou à intervenir, entre le Gouvernement et MM. de Rothschild.

Art. 2. Après la radiation des inscriptions hypothécaires, antérieures à celles prises par MM. de Rothschild, à la date des 2 et 3 Février dernier, ces biens seront et demeureront affranchis de toute action résolutoire ou en revendication, et de tout droit réel, de quelque nature que ce soit, à l'exception de ceux conférés aux souscripteurs de l'emprunt, pour rester spécialement et exclusivement affectés à la garantie des intérêts et de l'amortissement du dit emprunt.

Art. 3. Pour donner une garantie que le solde disponible de l'Emprunt Domanial sera entièrement et exclusivement employé au règlement de la Dette Non-Consolidée Egyptienne, le Gouvernement Egyptien délègue, dès à présent, à la Caisse Spéciale de la Dette Publique, tous ses droits sur les sommes dont il peut encore disposer sur le produit de l'Emprunt Domanial, en exécution des Conventions intervenues entre lui et les Maisons de Rothschild.

En conséquence, MM. de Rothschild devront accepter comme bonnes et valables décharges, les quittances qui leur seront données par la Caisse Spéciale de la Dette Publique, en échange des versements qu'ils seront dans le cas de lui faire, en exécution de leur contrat.

La Caisse Spéciale de la Dette Publique conservera les sommes ainsi versées par MM. de Rothschild, en qualité de sequestre, pour n'en disposer que suivant les instructions qui lui seront données par la Commission de Liquidation, qui sera constituée en vertu d'un accord international; et, à défaut de cette Commission, suivant les instructions qui lui seront données par nous, avec le concours des Puissances.

Art. 4. Le plein exercice des droits appartenant aux créanciers hypothécaires, inscrits antérieurement aux 2 et 3 Février, 1879, dates des inscriptions prises par MM. de Rothschild, est et demeure expressément réservé.

Art. 5. Notre Ministre des Finances est chargé de l'exécution du présent Décret.
Fait au Palais d'Abdin, le 15 Novembre, 1879.

(Signé)

MÉHÉMET THEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres, et
Ministre des Finances par intérim,
(Signé) RIAZ.

Caire, le 16 Novembre, 1879.

Pour copie conforme à l'original :

Le Secrétaire-Général,
(L.S.) TIGRANE.

No. 1554.

Mr. Malet to the Marquis of Salisbury.—(Received November 26.)

(No. 609. Political.)

My Lord,

Cairo, November 17, 1879.

I HAVE the honour to transmit herewith to your Lordship copies of a note from Mustafa Pasha Fehmy, Minister for Foreign Affairs, inclosing a copy of the Decree signed by the Khedive on the 15th instant respecting the attributions of the Controllers-General.

Your Lordship will perceive that the Decree is drawn up in the terms agreed upon between the Governments of England and France on the one side and of Egypt on the other.

I have, &c.

(Signed)

EDWARD B. MALET.

Inclosure 1 in No. 1554.

Moustapha Fehmy Pasha to Mr. Malet.

M. l'Agent et Consul-Général,

Le Caire, le 17 Novembre, 1879.

J'AI l'honneur de vous adresser copie du Décret rendu par Son Altesse le Khédive, le 15 de ce mois, et réglant les attributions des Contrôleurs-Généraux.

Veuillez, &c.

(Signé)

MOUSTAPHA FEHMY

Inclosure 2 in No. 1554.

Decree.

NOUS, Khédive d'Egypte,

Vu notre Décret en date du 4 Septembre, 1879 :—

Considérant que nous nous sommes entendus avec les Gouvernements de la France et de la Grande Bretagne, pour que les attributions des Contrôleurs-Généraux soient définies, conformément aux dispositions réglementaires ci-après :—

Sur l'avis conforme de notre Conseil des Ministres ;

Décrétons

Article 1^{er}. Les Contrôleurs-Généraux auront en matière financière les pouvoirs d'investigation les plus étendus sur tous les services publics, y compris ceux dont les recettes ont en vertu de Décrets ou de contrats une affectation spéciale.

Les Ministres et les fonctionnaires de tout ordre seront tenus de donner tous les renseignements et de fournir tous les documents qui leur seront demandés par les Contrôleurs-Généraux ou leurs délégués.

Le Ministre des Finances, notamment, produira chaque semaine, au Contrôle Général, un relevé détaillé des recettes et des dépenses faites par la Caisse du Ministère. Chaque Administration fournira également, en fin de mois, un état détaillé de ses recettes et de ses dépenses.

Art. 2. Les Contrôleurs-Généraux répartiront entre eux d'un commun accord les services publics sur lesquels ils auront à exercer les droits de surveillance et de contrôle qui leur sont conférés par le présent Décret.

Art. 3. Les Gouvernements de la France et de la Grande Bretagne ayant consenti à ce que pour le moment les Contrôleurs-Généraux ne prennent pas part à la direction des services administratifs et financiers, les Contrôleurs-Généraux se borneront actuellement à communiquer, soit à nous, soit à nos Ministres, les observations auxquelles leurs investigations auront donné lieu.

Ils communiqueront également à la Commission de la Dette les faits qui seraient de nature à intéresser les créanciers de la Dette Consolidée.

Ils pourront, en outre, et pour ces mêmes faits, se réunir en Commission avec les Commissaires de la Dette, pour examiner de concert les questions sur lesquelles les Contrôleurs-Généraux ou les Commissaires de la Dette jugeront inutiles de délibérer en commun.

Art. 4. Les Contrôleurs-Généraux auront rang et séance au Conseil des Ministres et y auront voix consultative.

Art. 5. A la fin de chaque année, et plus souvent s'ils le jugent nécessaire, les Contrôleurs-Généraux nous rendront compte de leurs travaux dans des Rapports qui seront publiés par leurs soins et insérés au "Moniteur Egyptien."

Art. 6. Les Contrôleurs-Généraux ne pourront être relevés de leurs fonctions qu'avec l'assentiment de leurs Gouvernements respectifs.

Ils nommeront et révoqueront les Agents et employés de service du Contrôle et fixeront le montant de leur traitement.

Art. 7. Le Budget du Contrôle sera arrêté par les Contrôleurs-Généraux et approuvé par le Conseil des Ministres. Le montant des crédits sera mis à leur disposition chaque mois, par douzième, dans les conditions déterminées par le Décret du 12 Mai, 1878, pour le traitement des fonctionnaires.

Art. 8. Nos Ministres sont chargés, chacun en ce qui le concerne, de l'exécution du présent Décret.

Fait au Palais d'Abdin le 15 Novembre, 1879.

(Signé)

MÉHÉMET THEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) RIAZ.

Caire, le 17 Novembre, 1879.

Pour copie conforme :

Le Secrétaire-Général,

(Signé) TIGRANE.

No. 1555.

Sir H. Elliot to the Marquis of Salisbury.—(Received November 26.)

(No. 755.)

My Lord,

Vienna, November 21, 1879.

AT my interview this afternoon with Baron Haymerle he spoke at some length upon Egyptian questions, dwelling especially upon what he designated as the utterly erroneous supposition, that he had the slightest wish of establishing an Austrian political interest in that country, or of interfering in any manner in its internal affairs.

He thought he had proved this by accepting, without protest, the re-establishment of the English and French Controllers-General with a sphere of action in excess of that which they had possessed originally, and the only point upon which our two Governments were not agreed had reference to the Commission of Liquidation.

It is proposed, he said, that the liquidators shall draw up a law fixing the amount of the dividends to be paid to the Egyptian creditors; and Baron Haymerle argues that before they can determine the rate of interest to be paid on the Public Debt they must necessarily be able to satisfy themselves as to the amount that will be available for the purpose.

I said that, as far as I understood the question, it was intended that the liquidators should accept and deal with the amount of revenue which the Controllers-General might consider as remaining after providing for the administrative service of the country; and I pointed out the very obvious objection to any plan having the effect of practically making the liquidators Controllers of the Controllers-General.

He replied that this was very far from his wish or intention, but he contended that the most elementary justice to the bondholders required that those who were to determine to what extent their dividends must be reduced should have at least the semblance of means for ascertaining the length to which it was necessary to carry the reduction.

The impression which I derived from this conversation was that Baron Haymerle will be satisfied with something that may be little more than a form, provided that it has the appearance of securing this object, but that it will be difficult to induce him altogether to abandon his ground.

Of his wish to come to an agreement with Her Majesty's Government upon the question, and to act cordially with them, I have no doubt.

He has conveyed his views to Count Károlyi in a long private letter, which will doubtless be communicated to your Lordship, and will explain them more clearly than I yet feel in a position to do.

His Excellency is especially anxious that Her Majesty's Government may not meet his suggestion with a direct negative, but will intimate the modifications they would wish in it, or make a counter-proposal.

I have, &c.

(Signed) HENRY ELLIOT.

No. 1556.

Mr. Malet to the Marquis of Salisbury.—(Received November 26.)

(No. 169.)

(Telegraphic.)

Cairo, November 26, 1879.

YOUR Lordship's No. 87.

The practice has been to make the payment of the Local Administration and collect a first charge on the revenues of the pledged provinces, and to apply residue to the Unified Debt. This rule has not been departed from. The pledged provinces, however, do not contribute to expenditure such as army, navy, &c. Should this form matter of complaint on my part? Baring is averse to raising the question, as it involves difficult points both of practice and principle, and he is anxious that trouble should not be caused whilst he and Blignières are arranging a general scheme. He will do his best to obtain payment of tribute.

Mr. Malet to the Marquis of Salisbury.—(Received November 26.)

(No. 170.)
(Telegraphic.)

Cairo, November 26, 1879.

THE United States have applied officially to be represented on the Commission of Liquidation, if it takes place.

Mr. Malet to the Marquis of Salisbury.—(Received November 26.)

(No. 170.)
(Telegraphic.)

Cairo, November 26, 1879.

THE United States have applied officially to be represented on the Commission of Liquidation, if it takes place.

Lord Lyons to the Marquis of Salisbury.—(Received November 27.)

(No. 1174. Confidential.)
My Lord,

Paris, November 26, 1879

M. WADDINGTON told me this afternoon that he had received positive assurances from Berlin that the German Government was not disposed to support Austria in any exaggerated pretensions with regard to Egypt.

His Excellency added that the reports he received from Vienna led also to the belief that, in fact, Austria was not intent upon pushing her pretensions to extremes, but was rather seeking a dignified mode of drawing back from them.

M. Waddington went on to say that he had had a conversation with Count Beust, the Austrian Ambassador here, on the subject of the "Commission de Liquidation."

He had, he said, told Count Beust, positively and distinctly, that there were two points on which France would never yield.

In the first place she would never consent to the exercise by the "Commission de Liquidation" of any authority over the French and English Controllers. She was quite willing that there should be friendly intercourse between the Controllers and the "Commission de Liquidation;" but the Controllers must be quite independent of the Commission.

In the second place the French Government would never allow the Commission to be a permanent body. It was to be appointed for a specific task, and must cease to exist when that task had been performed.

M. Waddington informed me that he had stated these views to Count Beust plainly and unreservedly.

I have, &c.
(Signed) LYONS.

Mr. Malet to the Marquis of Salisbury.—(Received November 27.)

(No. 171.)
(Telegraphic.)

Cairo, November 27, 1879.

M. DE BLIGNIÈRES arrived at Cairo last night.

The Marquis of Salisbury to Mr. Malet.

(No. 90.)

(Telegraphic.)

Foreign Office, November 27, 1879, 3.15 P.M.

YOURS No. 169.

It is not, I think, necessary to touch the question of the source whence any payments should be taken. But the tribute should be a first charge on all Egypt, and till the quota due proportionally from the pledged provinces is paid their revenues ought not to be sent into the Caisse.

The Marquis of Salisbury to Mr. Malet.

(No. 331.)

Sir,

Foreign Office, November 27, 1879.

I HAVE received your telegram of yesterday's date, and, in reply, I have to observe that the payment of the Tribute should be a first charge on all Egypt, and until the quota due proportionally from the pledged provinces is paid, their revenues ought not to be paid over to the Caisse of the Public Debt; but I do not think it is necessary to touch the question of the source whence the payments for the army, navy, &c., should be taken.

I am, &c.
(Signed) SALISBURY.

The Marquis of Salisbury to Mr. Corbett.

(Telegraphic.)

Foreign Office, November 28, 1879, 7 P.M.

ROTHSCHILD'S press for early decision of Greek Government to adhere to the Loan Decree.

Concert with your French, German, and Austrian colleagues best way to procure Greek adhesion.

Delay will interfere with settlement of Egyptian finances, and be highly injurious to creditors.

The Marquis of Salisbury to Mr. Malet.

(No. 332.)

Sir,

Foreign Office, November 28, 1879.

I HAVE to acknowledge the receipt of your despatch No. 585 of the 7th instant, forwarding a manuscript copy of the Report drawn up by the Commission appointed to inquire into the mutual relations of Mr. Scrivenor and Mr. Archer Shee in their official capacities, as well as into the general condition of the Customs Administration in Egypt. That document has been printed at the Foreign Office, and a copy is now transmitted to you for convenience of reference, together with this despatch.

The Commission, however, had not completed the task for which it was called together, and it is impossible as yet to form an opinion upon the merits of the case in all its bearings; but I have to state to you that, as it is evident, from what has already come to light, that the present state of the Customs Administration must greatly discredit the position of those English officials who have been selected for service in Egypt, Her Majesty's Government consider it to be of great importance that they should be furnished as soon as possible with the further Report of the Commission on the charges which have been preferred against Mr. Scrivenor and the Customs Administration under his direction.

I am, &c.
(Signed) SALISBURY.

The Marquis of Salisbury to Mr. Corbett.

(No. 108.)

Sir,

Foreign Office, November 28, 1879.

MESSRS. ROTHSCHILD have made personal representations as to the expediency of obtaining the speedy acceptance by the Greek Government of the Decree issued by the Khedive protecting the Daira lands from seizure.

I have requested you by telegraph to concert with your French, Austrian, and German colleagues the measures best fitted to secure an early and favourable decision on the part of the Greek Government.

Further delay will interfere with the attempts to arrive at a settlement of the Egyptian finances, and will be very injurious to the interests of Egyptian creditors in general.

I am, &c.
(Signed) SALISBURY.

No. 1566.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 614. Political. Confidential.)

My Lord,

Cairo, November 20, 1879.

I HAVE had some conversation with Riaz Pasha regarding the recent inquiry into the acts of Mr. Scrivenor and Mr. Archer Shee, in their official capacity as Director-General and Inspector-General of Customs.

Your Lordship is aware that both these gentlemen have been suspended from their functions during the progress of the inquiry, and a native has been temporarily appointed to execute their duties. Riaz Pasha was reticent as to the course which the Government proposes to pursue; but I gathered from his tone that he desired to try native administration, and to dispense with the services both of Mr. Scrivenor and Mr. Shee, but that he awaited the arrival of the Controllers-General before taking any final decision. I did not conceal from his Excellency that I feared that the Administration would soon lapse, under such control, into the old corrupt system, which did great harm both to the reputation of the Egyptians, as it took place under the eyes of foreigners, and to the Government revenue; but, I said, if the Government find hereafter that it must again have recourse to foreigners, as I did not doubt would be the case, we should insist upon retaining Englishmen in an Administration which had already been in English hands. It seemed to me, therefore, much better that he should in some form continue what had existed, than make room for a contention as to the nationality of persons to be appointed which might arise if an interregnum supervened.

His Excellency assured me that if the Customs were again put into foreign hands, Englishmen would be selected in preference to any others.

I took this opportunity to state to his Excellency what my general feeling was with regard to the foreign control which had grown up in Egypt. I said that it was my hope and wish some day to see Egypt freed from foreign interference, that that day would only come when Egypt had gained the confidence of Europe by diligent application under the guidance against which it at present in some degree revolted, and a manifest intention to continue to work in the lines which had been laid down. England and France would do their best to prevent an international protection, which could only, in our opinion, increase confusion. England was content with the share which it had hitherto held in the administration of the country. It would no doubt be willing, in proportion to the aptitude and good disposition shown by natives, to diminish its control, provided always, and this was the point on which I was bound to dwell, that no other Power, not even France, obtained a post which we surrendered.

The only motive which would induce us to be more exacting in obtaining places for Englishmen would be a disposition on the part of Egypt to satisfy the demands of France or any other Power at our expense. Therefore, I urged his Excellency to keep things as they are, for it was my duty to warn him if the number of Frenchmen, Austrians, Italians, or others employed in Egypt increased, we should be compelled, against our will, to seek for our countrymen an equal share in employment, and thereby cause the postponement of the object we had in view, of relieving Egypt, by slow degrees, from foreign control, and restoring it gradually to administrative independence. Besides, I said, the accord between

England and France is complete. It is of the utmost importance to Egypt that it should continue, as it preserves you from international interference, and nothing is likely to disturb it as long as the present balance is maintained.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1567.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 615. Political.)

My Lord,

Cairo, November 21, 1879.

I HAVE the honour to inform your Lordship that Major Evelyn Baring, the English Controller-General appointed by the Decree of the 4th September, 1879, arrived at Cairo yesterday, the 20th instant.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1568.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 616. Political.)

My Lord,

Cairo, November 22, 1879.

I HAVE the honour to transmit to your Lordship herewith a copy of the "Moniteur Egyptien" of the 16th and 17th instant, containing the two Decrees signed by the Khedive on the 15th instant.

The first Decree defines the attributions of the English and French Controllers-General appointed by the Decree of the 4th September last, and is succeeded by the joint note which the French Acting Agent and Consul-General and I addressed to the Minister for Foreign Affairs on the 15th instant, explaining the object of the retention of the words "pour le moment" and "actuellement" in the first paragraph of the 3rd Article of the Decree.

The second Decree relates to the Rothschild Loan of 1878 and the measures necessary with regard to the domains ceded by the family of the Khedive as a special and exclusive guarantee of this loan.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1568.

Extract from the "Moniteur Egyptien" of November 16, 1879.

Decree dated November 15, 1879.

[See Inclosure 2 in No. 1554.]

Ministère des Affaires Étrangères.

(Copie.)

Caire, le 15 Novembre, 1879.

A son Excellence Moustapha Pacha Fehmy, Ministre des Affaires Étrangères.

M. le Ministre,

Pour éviter tout malentendu qui pourrait s'élever, au sujet du sens ou de la portée de l'Article 3 du Projet de Décret, relatif aux attributions des Contrôleurs-Généraux, nous sommes autorisés à déclarer, au nom de nos Gouvernements, que les mots "pour le moment" et "actuellement" n'y ont été insérés que dans le but d'établir la possibilité d'un

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retour éventuel aux dispositions contenues dans le Décret du 18 Novembre, 1876, relatif
ment aux attributions des Contrôleurs-Généraux.

(Signé)

EDOUARD B. MALET. (L.S.)
MONGE. (L.S.)

Decree dated November 15, 1879.

[See Inclosure 2 in No. 1553.]

No. 1569.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 617. Political.)

Cairo, November 22, 1879.

My Lord,

I HAVE the honour to transmit herewith to your Lordship a copy of a note informing the Egyptian Government of the adhesion of Her Majesty's Government to the provisions connected with the Rothschild Loan and the Domains ceded as guarantee for that loan as they are established by the Decree of the 15th instant, which I addressed to the Minister for Foreign Affairs on the 20th instant, in accordance with the authority to make such a communication conveyed to me by your Lordship's telegram No. 86 of the 19th instant.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 1569.

Mr. Malet to Moustapha Pasha Fehmy.

M. le Ministre,

Cairo, November 20, 1879.

I HAVE the honour to acknowledge the receipt of your Excellency's Circular of the 16th instant, transmitting to me a Decree signed by His Highness the Khedive on the 15th instant, relating to the Rothschild Loan of 1878 and the domains of His Highness ceded as guarantee for the loan, and I am desired by Lord Salisbury, Her Majesty's Principal Secretary of State for Foreign Affairs to inform your Excellency that Her Majesty's Government gives its adhesion to the provisions connected with the loan and the domains as established by the Decree in question.

I have, &c.

(Signed) EDWARD B. MALET.

No. 1570.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 619. Political. Confidential.)

Cairo, November 22, 1879.

My Lord,

WITH reference to my despatch No. 614 of the 20th instant, I have the honour to inform your Lordship that Major Baring told me yesterday that in his first interview, on arrival, with Riaz Pasha, his Excellency had stated to him that the Council had decided to relieve Mr. Scrivenor of his functions as Director-General of Customs, to abolish the post of Inspector-General of Customs held by Mr. Archer Shee, and to retain the customs under Egyptian control for the present.

Neither Major Baring nor I can approve of the latter part of this decision, as past experience shows that corruption and maladministration are sure concomitants of native control of this Department, and it is in opposition to the conclusion come to by the Committee of Inquiry, which recommends that the Customs should remain under foreign administration. It is also a precipitate step for the Government to have taken, as on a measure of importance affecting the interests of foreign bondholders, they ought to have

waited for the arrival of the Controllers-General. Notwithstanding these considerations, Major Baring is not inclined to endeavour to overrule the decision. He believes that Riaz Pasha has come to it from motives of general policy and with a view to strengthen his position with the Egyptian party, which Major Baring considers to be very necessary considering the reputation for subservience to foreign dictation which Riaz Pasha has acquired, the drastic measures which are in store, and the confidence and influence which the President of the Council must possess in order to insure their execution. He also thinks that a short essay will prove that it is necessary to return to foreign control, but when that time arrives he would hardly be able to do more than to insist upon the change, without specifying the nationality of the persons to be employed.

Your Lordship will perceive by my despatch No. 618 that Riaz Pasha has given me a verbal assurance that Englishmen will be preferred for employment if the customs are again taken out of native hands.

His Excellency gave me this assurance again yesterday, and I cannot but feel some surprise that, while speaking to me on the subject, he did not mention that the Council had come to a definitive decision with regard to the Customs. I still understood that he would await the arrival of the Controllers-General before deciding.

I, indeed, suggested to him to make Mr. Caillard, who has won the respect and esteem of natives and foreigners, Director-General, and to promote Mr. Caillard's subordinate, Mr. Hatton, of whom Riaz Pasha spoke in the highest terms, to the post of Director of the Postal Service, now held by Mr. Caillard, a suggestion which had already met with Major Baring's approval on my mentioning it to him.

I have, &c.

(Signed) EDWARD B. MALET.

No. 1571.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 621. Political.)

My Lord,

Cairo, November 22, 1879.

MAJOR BARING has informed me to-day that the Great Powers, with the exception of Germany, have all sent in their adhesion to the Rothschild Decree of the 15th instant, and that no difficulty is apprehended in obtaining its official recognition from Germany and the smaller Powers, signatories of the Judicial Reforms Convention, with the exception of Greece. It seems that the Greek Agent and Consul-General, M. Dragoumis, has expressed doubts as to whether his Government will consent, and Riaz Pasha has therefore let me know, through Major Baring, that he would be grateful if England and France would use their influence at Athens to prevent an abstention which might wreck the whole design of the Decree.

If one Power, great or small, refuses to recognize it, the subjects of that Power will find themselves in a differential position, and there will be nothing to prevent creditors from making over their debts to subjects of the abstaining Power, who would pursue their claims before the Tribunals.

I have, &c.

(Signed) EDWARD B. MALET.

No. 1572.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 622. Political.)

My Lord,

Cairo, November 22, 1879.

WITH reference to my despatch No. 584 of the 6th instant, I have the honour to inform your Lordship that the Egyptian Government has decided to remit to Messrs. Rothschild the money deposited in the Bank of England on account of the second coupon of the Rothschild Loan.

I have, &c.

(Signed) EDWARD B. MALET.

No. 1573.

Mr. Malet to the Marquis of Salisbury.—(Received November 29.)

(No. 623. Political.)

My Lord,

Cairo, November 22, 1879.

I HAD on the 19th instant the honour to receive your Lordship's telegram No. 85 of the 18th instant, informing me that it was reported that the Egyptian Government said that they would not be able to pay the interest on the Suez Canal shares, and instructing me to see to the matter in time.

Riaz Pasha on the same day, in answer to my inquiries, said that it would not be possible to pay the interest due on the Canal shares at the beginning of December, as the Government would not even be able to pay the Tribute, on which nearly 370,000*l.* would be due on the portion assigned for the payment of Ottoman loans.

I have, &c.

(Signed) EDWARD B. MALET.

No. 1574.

Mr. Corbett to the Marquis of Salisbury.—(Received November 29.)

(Telegraphic.)

Athens, November 29, 1879.

REFERENCE to telegram of yesterday. Council held to-day to examine question of adhesion of Greek Government to Rothschild Decree.

If result is unfavourable my colleagues of France and Austria, together with myself, shall make collective representation on subject. German Chargé d'Affaires has received no instructions to act with us, but has telegraphed for them.

No. 1575.

The Marquis of Salisbury to Sir E. Thornton.

(No. 152.)

Sir,

Foreign Office, November 29, 1879.

I TRANSMIT to you herewith, for your information, a copy of a telegram received from Her Majesty's Agent and Consul-General in Egypt,* stating that the Government of the United States have applied officially to be represented upon the Commission of Liquidation which it is proposed to establish for the settlement of the financial liabilities of the Egyptian Government.

In order that you may be accurately informed of the position of the question and of the nature of the claim thus made, I transmit to you herewith a memorandum containing a summary of the papers laid before Parliament relative to the finances of Egypt, together with copies of the despatches marked in the margin,† showing the proposal now in course of negotiation at Vienna for the establishment of the Commission in question.

These latter papers are for your own information only, and it must be understood that the draft of Decree and of Collective Note have as yet received the assent of none of the Powers concerned except England and France, and have not been as yet communicated to any other Government except that of Austria.

I am, &c.

(Signed) SALISBURY.

No. 1576.

The Marquis of Salisbury to Lord Lyons.

(No. 1434.)

My Lord.

Foreign Office, November 29, 1879.

I HAVE received your Excellency's despatch No. 1174, Confidential, of the 26th instant, reporting that M. Waddington had intimated to you that he had received assurances from Berlin that the German Government were not disposed to support Austria in any

* No. 1557.

† Nos. 1286, 1287, 1302, 1319, and 1325.

exaggerated pretensions in regard to Egypt; and with reference to the language held by M. Waddington to the Austrian Ambassador at Paris on this subject, as communicated to you by M. Waddington, I have to request that you will state to his Excellency that Her Majesty's Government agrees with his views as thus expressed to Count Beust.

I am, &c.

(Signed) SALISBURY.

No. 1577.

Sir H. Elliot to the Marquis of Salisbury.—(Received December 1.)

(No. 764.)

My Lord,

Vienna, November 27, 1879.

I COMMUNICATED to Baron Haymerle your Lordship's telegram No. 178 expressing the wish of Her Majesty's Government that the Egyptian Liquidation Commission should have the fullest powers for informing themselves upon all matters relating to their task.

He showed himself pleased with this communication, but said that he had directed Baron Schwegel to draw up a memorandum on the whole case, which he would wish to consult before going further into the matter.

I conceive it very probable that an attempt may be made to give the Commission of Liquidation a more permanent character than Her Majesty's Government may propose to invest it with; for Baron Haymerle spoke as though he considered that it must not only fix the dividends to be assigned to the creditors, but see that the latter receive those dividends

I have, &c.

(Signed) HENRY ELLIOT.

No. 1578.

Mr. Corbett to the Marquis of Salisbury.—(Received December 1.)

(Telegraphic.)

Athens, November 30, 1879.

AT an interview to-day with Minister for Foreign Affairs, my French and Austrian colleagues pressed upon his Excellency the importance of adhesion of Greek Government to Rothschild Loan Decree. Minister answered us in sense of my telegram of 22nd.

Crown lawyers have been consulted as to liability of Government if they adopt Decree. Their written opinion will be examined by Council to-morrow, and an answer given to us.

French Minister read a strongly-worded telegram from Paris, pressing for adhesion of Greek Government, and showing the impolicy of their isolating themselves at this moment from all the other Powers who had accepted the Decree.

P.S.—German Chargé d'Affaires has just told me that he has received instructions to support our request, and, since our interview with Minister for Foreign Affairs, has expressed to him similar desire on the part of his Government.

No. 1579.

Mr. Malet to the Marquis of Salisbury.—(Received December 2.)

(No. 174.)

(Telegraphic.)

Cairo, December 1, 1879.

THE Controllers-General attended Council to-day for the first time, and are much satisfied with the proceedings. They presented a programme of action which was accepted.

They are making arrangements by which hypothecated mortgage creditors will be paid without delay, but nothing can be done till Greece accepts the Rothschild Decree.

No. 1580.

Mr. Malet to the Marquis of Salisbury.—(Received December 2.)(No. 175.)
(Telegraphic.)

Cairo, December 1, 1879.

I HAVE expressed to Riaz the surprise of Her Majesty's Government at the prospect of the Tribute not being paid, considering that it is a first charge on the revenues of Egypt. His Excellency, though he dared give no promise, [? said] he firmly believed that it would be paid before the end of the year.

No. 1581.

Mr. Corbett to the Marquis of Salisbury.—(Received December 2.)

(Telegraphic.)

Athens, December 1, 1879.

REFERRING to telegram of yesterday, Greek Government declare that they are very [? anxious] not to act separately from the rest of Europe in matter of Decree of Khedive.

They have asked for information from their Agent in Egypt, and will give a definite answer at the end of this week as to their adhesion to the Rothschild Loan Decree.

No. 1582.

Mr. Corbett to the Marquis of Salisbury.—(Received December 2.)

(Telegraphic.)

Athens, December 2, 1879.

REFERRING to my telegram of yesterday, I have the honour [? to state] that the Italian Minister has been [? told] to join in the representations made to Greek Government.

No. 1583.

Mr. Malet to the Marquis of Salisbury.—(Received December 2, 6.25 P.M.)

(No. 177.)

(Telegraphic.)

Cairo, December 2, 1879, 3.50 P.M.

I HAVE been requested by the Controllers-General to send your Lordship the following telegram:—

"At the request of Messrs. Rothschild we ask [? ed] Egyptian Government to pay to them the proceeds of Domain revenues then standing at the Bank of England, in order to insure payment of December coupon. We now learn that Messrs. Rothschild, although they have in their hands the amount of coupon, refuse to pay it until such time as Greece adheres to Decree. If this situation continues, we must advise Government to stop paying into Messrs. Rothschild's hands revenues of Domains, and we shall be unable to offer any opposition to proposal that the contract should be annulled. The result would be a new and very serious financial complication, namely, that Messrs. Rothschild should continue to keep in their hands three-fourths of the whole loan, and they should not pay the coupons, and, at the same time, that they should go on receiving the revenues of the Domains.

"It is very necessary that we should be informed with least possible delay of intentions of Greek Government."

No. 1584.

Mr. Malet to the Marquis of Salisbury.—(Received December 2.)

(No. 178. Confidential.)

(Telegraphic.)

Cairo, December 2, 1879.

WITH reference to my telegram No. 177, Major Baring feels personally aggrieved at the action of Messrs. Rothschild, as it was on the understanding that the coupon would

be paid that he induced Riaz with much difficulty to allow money at the Bank of England to be transferred to Messrs. Rothschild.

No. 1585.

Mr. Malet to the Marquis of Salisbury.—(Received December 3, 3 P.M.)

(No. 179.)

(Telegraphic.)

Cairo, December 3, 1879, 12.20 P.M.

THE Greek Consul-General has received instructions to transmit to his Government a complete list of "inscriptions hypothécaires" against Domains, prior and subsequent to 2nd and 3rd February. The Egyptian Government has promised to furnish the list by this evening.

No. 1586.

Lord Lyons to the Marquis of Salisbury.—(Received December 4.)

(No. 1196.)

My Lord,

Paris, December 3, 1879.

M. WADDINGTON told me this afternoon that M. Ring, who had been the French Commissioner in the Eastern Roumelian Commission, had now been appointed French Agent and Consul-General in Egypt.

M. Ring had, his Excellency said, held for some time the personal rank of Minister Plenipotentiary. He would thus be exactly on the same footing as Mr. Malet.

I have, &c.
(Signed) LYONS.

No. 1587.

Sir H. Elliot to the Marquis of Salisbury.—(Received December 5, 3 P.M.)

(No. 195.)

(Telegraphic.)

Vienna, December 5, 1879, 1.40 P.M.

AUSTRIAN Minister for Foreign Affairs having received memorandum of your Lordship's, is forwarding to London draft Decree for creating Commission of Liquidation based upon the project already submitted to him.

He sends it also to Paris, but hopes that you will inform him of any objections you may feel against his modifications.

Scope for a third Controller is finally abandoned.

Austrian Minister for Foreign Affairs says that Italians are much out of humour with him for not supporting all their pretensions, and he appears very anxious to come to an agreement with your Lordship.

No. 1588.

Mr. Malet to the Marquis of Salisbury.—(Received December 5, 6.15 P.M.)

(No. 181.)

(Telegraphic.)

Cairo, December 5, 1879, 4.15 P.M.

GREEK Government informs French Government that it would adhere to the Rothschild Decree if the French Government would guarantee that Greeks who had taken out "inscriptions hypothécaires" subsequent to the 3rd February would be treated on the same footing as French subjects in the same position.

The French Government replied that the treatment of such persons depended on Egyptian Government.

The Egyptian Government has to-day written to the Greek Consul-General to say that the claims of persons of all nationalities will be treated alike, and that consequently Greeks and French will be on the same footing.

The Marquis of Salisbury to Mr. Malet.

(No. 339.)

Sir,

Foreign Office, December 5, 1879.

I HAVE received your despatch No. 614 of the 20th ultimo, reporting a conversation with Riaz Pasha upon the subject of the intention of the Egyptian Government to confide the administration of the Customs, for the present, to a native official, and generally with regard to the employment of English and other foreign officials in the Egyptian public service.

The observations you made to his Excellency have my concurrence and approval.

I am, &c.
(Signed) SALISBURY.

No. 1590.

Mr. Malet to the Marquis of Salisbury.—(Received December 6.)

(No. 624. Political.)

My Lord,

Cairo, November 25, 1879.

WITH reference to my despatch No. 585, Political, of the 7th instant, I have the honour to inform your Lordship that the Committee of Inquiry into the affairs of the Customs Administration transmitted a third Report, in addition to the two already forwarded to your Lordship. The Government has not as yet sent me a copy of this Report, but I am able to give your Lordship the conclusion of it, which runs as follows:—

"The Commission, before leaving this division of the subject, wish to add that they doubt whether a separate Inspector-General is longer necessary. The Director of the Alexandria Custom-house might be higher paid than at present, carefully selected, and made Senior Director, having authority to make tours of inspection. If, however, the Inspector-General is retained, the Commissioners would certainly propose that the Rules of January 7, 1879, defining his attributions, be revised, with the view of bringing him under the entire control of the Government. It would be the only means of avoiding the difficulties and the disagreements which the Commissioners have had to point out.

"Finally, the Commissioners are of opinion that in order to maintain and continue the recent reforms and present standard of efficiency in the Customs Department, the head of it should be an official thoroughly versed in the administration of Customs, whether in principle or detail, as practised in Europe. He should be able further, from the above qualifications, from personal weight, and from his status, necessarily and naturally, to control the pressure put on him or his subordinates by the mercantile body, acting whether under the Capitulations or otherwise, in pursuit of its own interests. It is probable that if concessions are asked from the Powers, as has been above found essential, that the Powers will not be prepared to make them unless they receive the material guarantee of a Director-General such as the Commissioners contemplate. This is the only assurance which could be given to the mercantile body of an impartial exercise of the powers claimed."

Your Lordship will observe that the Commissioners in this conclusion distinctly, by inference, recommend the employment of a foreigner at the head of the Customs, for no native could possess the qualities which are enumerated as necessary in the person to be selected.

If Riaz Pasha persists in his intention to nominate a native to the post he will be acting contrary to the recommendation of the Commission of Inquiry, to the advice of the Controllers-General, and to the manifest interests of the public and the revenue. He will allow these considerations to be overruled by local political considerations which urge him to make a show of recovering for Egypt part of its lost administrative authority. I do not, however, believe that he will be able finally to carry the point of maintaining a native at the head of the Customs, if he is to be more than chief in name, as the evil effects of doing so will make themselves felt immediately, and in a manner that cannot be contradicted.

I have, &c.
(Signed) EDWARD B. MALET.

Mr. Malet to the Marquis of Salisbury.—(Received December 6.)

(No. 627. Political. Confidential.)

My Lord,

Cairo, November 27, 1879.

WITH reference to my despatch No. 624, Political, of the 25th instant, I have the honour to inclose a copy of a minute by Major Baring on the Reports of the Commission of Inquiry into the Customs Administration.

Major Baring has not, in this minute, touched upon the question of the future administration of the customs. It is one of those points to which he alludes in the third paragraph, and on which he reserves the expression of his opinion until the arrival of M. de Blignières.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1591.

Minute by Major Baring.

ON my arrival in Cairo three days ago, I learnt that the Report of the Commission appointed to consider some recent circumstances which have occurred with reference to the administration of the customs was under the consideration of the Egyptian Government. I took an early opportunity of speaking to his Excellency the Finance Minister on the subject, who informed me that the Council of Ministers had already decided to dismiss Mr. Scrivenor and to abolish the post hitherto occupied by Mr. Archer Shee. I suggested to his Excellency that before any official communications were made to either of these two gentlemen I should have an opportunity of perusing the Report of the Commission with a view to proffering to the Egyptian Government any advice which the circumstances of the case might appear to me to demand. It is with great pleasure that I acknowledge the promptitude with which his Excellency adopted my suggestion. The Report was at once sent to me, and his Excellency assured me that no communication should be sent to Mr. Scrivenor or to Mr. Archer Shee without my having been previously consulted.

I received yesterday evening the three Reports of the Commission. Before going any further I wish to express my opinion that the thanks of the Egyptian Government are due to the members of the Commission for the thorough and impartial manner in which they have executed the delicate and laborious task entrusted to them, and I would suggest that a letter in this sense be addressed to the President of the Commission for communication to its several members.

The three Reports raise a variety of very important questions, in regard to many of which I reserve my opinion until I shall have been able, in conjunction with my colleague, M. de Blignières, to have more thoroughly studied the several issues involved.

There are, however, some points of very considerable importance which press for immediate solution, and as to which I do not consider that I should be justified in delaying the expression of my opinions until M. de Blignières has arrived. Moreover, the practical course to be pursued for the moment in respect to these points is so clear that I can with confidence state that my colleague will adhere in the views which I am about to express.

In accordance, therefore, with Article 3 of the Decree of the 15th November, 1879, I have the honour to proffer the following advice to the Egyptian Government:—

1. I entirely agree with the conclusion to which, as I understand, the Egyptian Government has already arrived, that Mr. Scrivenor should be dismissed. I do not consider it necessary to express any personal opinion on the merits of the controversy which has arisen between Mr. Scrivenor and Mr. Archer Shee beyond stating generally that I agree in the views so exhaustively propounded by the majority of the Commission.

I base my opinion that Mr. Scrivenor should be dismissed from employment upon the two following grounds:—

(1.) The part which he took in the transaction to which allusion is made by the Commissioners under the name of the "Ragheb-Comanos Convention." On this subject the Commission states (second Report): "Qu'elle ne peut faire moins que d'exprimer des doutes très-sérieux sur la valeur morale du système proposé par le Directeur."

Général des Douanes." I go somewhat further than the Commissioners on this point. I have no doubt whatever as to the immorality of the system proposed by Ragheb Pasha and Mr. Scrivenor. I do not care to inquire whether Mr. Scrivenor originated the proposal, or whether, under the inspiration of Ragheb Pasha, he subsequently lent himself to it; either alternative theory is, in my opinion, sufficient to show his unfitness for the high post he has up to the present time occupied.

(2.) The opinion expressed by the Commission, which appears to me to be amply justified by the facts related in their Report (second Report, paragraph 14), viz., that "Mr. Scrivenor n'est pas doué des qualités nécessaires au Chef d'une Administration si importante, particulièrement au milieu des circonstances difficiles qui se présentent dans ce pays. Il semble à la Commission que le Directeur-Général a fait preuve en différentes circonstances d'une hésitation, d'une timidité, d'une crainte exagérée de responsabilité, de trop de confiance dans des employés subalternes, en même temps qu'il témoignait fort peu envers des fonctionnaires plus haut placés."

I reserve making some suggestions to his Excellency the Finance Minister as to the personal treatment which Mr. Scrivenor should receive until I shall have studied his contract.

I think that a copy of the three Reports of the Commission should be communicated to Mr. Scrivenor.

2. The case of Mr. Archer Shee is different. Throughout the whole of these transactions no moral guilt can be imputed to him. On the contrary, his conduct throughout has been that of an upright and conscientious man, though wanting in sound judgment. I cannot but think that, although the steps which Mr. Archer Shee took to clear his own responsibility have been in many respects rightly censured by the Commission, he was at the same time morally justified in refusing to lend himself in any way to the procedure under the Ragheb-Comanos Convention; and considering the ignorance in which he was kept by Mr. Scrivenor of the precise nature of that Convention, it can be no matter for surprise that the incomplete information which he originally obtained in respect to it engendered the wont suspicions in his mind, and rendered him anxious to take some decisive measure which might at once clear his own reputation for probity, a reputation which it may well have appeared to him at the time was jeopardized by silence.

On this point it is worth while to quote the words of the Commission (second Report, paragraph 15):—

"Mr. Shee," the Commissioners say, "ignorant alors les instructions données par Ragheb Pacha, était apparemment intrigué par les faits tout-à-fait exceptionnels qui se passaient autour de lui; il était convaincu qu'il s'agissait de fraude, et dans l'idée que son supérieur était aveuglé par sa confiance dans les subordonnés, il prit, en s'adressant directement au Khédive, le moyen le plus prompt, mais non pas le moyen régulier, pour mettre au plus tôt un terme aux intrigues qu'il soupçonnait."

The most that can be imputed to Mr. Archer Shee is a great want of judgment and an infraction of discipline, although the defective dualistic system under which the Custom-house was governed appears to me an extenuating circumstance in so far as those infractions of discipline involve disobedience to the orders emanating from Mr. Scrivenor only.

On the whole, I would suggest that no definite action be taken in regard to Mr. Shee until M. de Blignières has arrived, and has concerted with me the nature of the advice which we shall certainly have to proffer to the Egyptian Government as to the general administration of the customs. Mr. Archer Shee should certainly not, in any case, be allowed to continue in precisely the same post as he has heretofore occupied, and I am far from saying that, as at present advised, I think it desirable that he should continue in the Egyptian service at all, but I deprecate any over-harsh or hasty decision in his case, and I wish particularly to bring to the notice of his Excellency the Finance Minister that, in spite of some very obvious defects of character, Mr. Archer Shee has manifestly rendered very considerable services to the Egyptian Government. On this point it will be sufficient to quote the words of the Commissioners (third Report, paragraph 10).

After enumerating in detail the laudable efforts made by Mr. Shee to introduce order into the Customs Administration, the Commissioners add the following words:—

"En un mot, il se jeta dans le travail de réforme avec une énergie caractéristique, et s'il avait su modérer son zèle par plus de patience et de prudence, il aurait acquis un incontestable mérite. Mais la valeur de ses efforts fut sérieusement diminuée par le défaut de discernement, de sangfroid, et de discipline."

3. I should have suggested to his Excellency the Finance Minister that certainly Elias Bey, and probably, after further inquiry, Tannous Effendi, should be dismissed from the Government service, but I understand that these measures have already been taken.

4. I would further suggest that a copy of those parts of the second Report which deal with the proceedings of M. Comanos, the American Vice-Consul, should be sent officially to the American Consul for the information of the Government of the United States of America.

5. I cannot for a moment doubt that the present Egyptian Ministry will at once renounce any further proceedings in completion of the Ragheb-Comanos arrangement. If orders have not been already sent to the custom-house and coastguard authorities that the arrangement is to be considered as null and void, I am strongly of opinion that such orders should be at once issued. I am unaware of the precise nature of the engagements made by Ragheb Pasha towards M. Comanos, but I should very much doubt whether the International Tribunals would recognize any legal claims accruing to M. Comanos in virtue of an illicit arrangement such as that which has been the subject of recent inquiry; but however that may be, it is in my opinion far better for the Egyptian Government to leave to M. Comanos the prosecution of his legal claims, should he think fit to do so, rather than to be in any way associated with the further execution of so objectionable a project.

6. I would suggest that orders be at once sent to the head of the custom-house that M. Haicallis should no longer be consulted on any legal matters in connection with the Government affairs. I am of opinion that, in conformity with the suggestion made by the Commissioners, all custom-house affairs involving litigation should for the present, at all events, be placed in the hands of a member of the "Contentieux."

Whilst on this subject I cannot help expressing my extreme surprise that Mr. Scrivenor should have entered into an arrangement under which, in addition to a fixed yearly salary, M. Haicallis was to receive 10 per cent. on the proceeds of the lawsuits which he might gain. Mr. Scrivenor can hardly be ignorant of the fact that such an arrangement is strongly reprobated by the bar of England, as I believe by that of other countries.

I think, indeed, that I am right in saying that a barrister in England who entered into such an arrangement would render himself liable to be disbarred.

7. I wish to indorse the opinion expressed by the Commissioners in their last Report as to the inadvisability of effecting any reductions for the moment in the coastguard service. They express themselves on this subject in the following terms:—

"Le moment semblerait à la Commission mal choisi pour une nouvelle réduction des forces des gardes-côte. Le commerce des tabacs traverse une crise dont on ne peut prévoir encore l'issue;" and again, in a later passage, they add, "Pour le moment tout ce qu'il y a à dire à ce sujet est que le moment est loin d'être opportun pour faire faire de nouveaux changements, en tant que réduction, dans le service des gardes-côte."

It will very probably be possible ultimately to make some considerable reductions, but until the tobacco now stored at Malta and Lyra is disposed of, any reductions would be detrimental to the interests of the revenue. Far, therefore, from making any such reductions, I would suggest that a communication be made to Morice Bey, whose zeal and energy are well known, enjoining him to exercise the utmost vigilance.

8. Lastly, I come to the question of the tobacco now stored at Malta and Lyra. I think a speedy decision should be taken in this matter, although I would suggest that the matter be allowed to stand over until after M. de Blignières' arrival. If the Egyptian Government consider it of capital importance to obtain immediately the revenue which would accrue if this tobacco were allowed to enter the country, the only possible solution appears to me to be to adopt a system analogous to that proposed by Mr. Rivers Wilson, viz., to admit the tobacco without a "Raftieh" on payment of double duty, and arrange matters subsequently with the Porte should the Ottoman Government object to this mode of procedure.

It is exceedingly probable that the Porte would object, for the enhancement of their duties consequent on the reduction of the Egyptian duties shows that they are prepared to take measures which, rightly or wrongly, they consider necessary to defend their own interests. I am inclined to think that a better solution of the question will be found by making a Treaty of Commerce with Greece under which Greek tobacco could be admitted on payment of the same duty as Turkish tobacco. The result of such a measure would naturally be that Turkish tobacco unprovided with a "Raftieh" would be transferred to Greek bottoms. Unquestionably the adoption of such a course would be detrimental to Turkish interests, but there is no reason whatever why the Egyptian Government should not adopt a measure so essential to its own interests if it has the power to do so. I would suggest, therefore, that the powers of the Egyptian Government in this respect be examined with a view to coming to a conclusion in the matter. I may remark that in the Government Archives there will, I think, be found a correspondence which passed between

his Excellency Nubar Pasha and the Commission of the Public Debt last winter on this subject.

If it be decided that the Egyptian Government has full power to make a commercial Treaty with Greece I should imagine that the affair would be easily settled, for the Treaty would be a very simple one, and I cannot conceive it probable that the Greek Government will make any objection to entering into an arrangement so obviously advantageous to the legitimate commerce of Greece.

These are all the observations I have to offer at present, but I propose shortly, in concert with my colleague, to submit some further suggestions to the Egyptian Government on the general subject of the Customs Administration.

(Signed) E. BARING.

Cairo, November 24, 1879.

No. 1592.

Mr. Malet to the Marquis of Salisbury.—(Received December 6.)

(No. 629. Political.)

My Lord,

Cairo, November 27, 1879.

I HAVE the honour to inform your Lordship that Moustapha Pasha Fehmi, Minister for Foreign Affairs, stated to me yesterday that he had received a note from Mr. Farman, United States' Agent and Consul-General, conveying the desire of his Government to be represented on the Commission of Liquidation in case such a Commission should be established.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1593.

Mr. Malet to the Marquis of Salisbury.—(Received December 6.)

(No. 630. Political.)

My Lord,

Cairo, November 27, 1879.

I HAVE the honour to inform your Lordship that M. de Blignières, Controller-General of Expenditure, arrived at Cairo yesterday, the 26th instant.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1594.

Mr. Malet to the Marquis of Salisbury.—(Received December 6.)

(No. 631. Political.)

My Lord,

Cairo, November 27, 1879.

I HAD on the 24th instant the honour to receive your Lordship's telegram No. 87 dated the same day.

I took immediate steps to ascertain whether the default in paying the tribute was due to the gross revenue of the pledged provinces having been set aside entirely for the Unified Debt while the expenses of administration had been defrayed from other provinces, and the residue only, after this deduction, had been applied to the tribute.

It appears that the practice has been to make the payment of the local administration and collection a first charge on the revenues of the pledged provinces, and to apply the residue, after the deduction of these expenses, to the Unified Debt.

More general expenses, however, such as army, navy, public works, &c., are, it is true, paid out of the revenue of unpledged provinces, but it seems that considerable difficulties of principle and practice would be raised, were it intended to alter this arrangement and Major Baring, whom I have consulted upon the subject, is anxious that for the present at least and during the preparation of a general scheme of arrangement by him and M. de Blignières, the system hitherto adopted should remain as it is in order to prevent further confusion.

He is, however, of opinion that the country is sufficiently prosperous this year to allow of a further attempt being made to collect arrears of taxes by which the deficit of tribute may be decreased, and he recognizes the pressing nature of the obligation, as the tribute is a mortgage over the whole revenues of Egypt, standing before every other mortgage, of whatever kind.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1595.

Mr. Malet to the Marquis of Salisbury.—(Received December 6.)

(No. 632.)

My Lord,

Cairo, November 28, 1879.

WITH reference to my despatch No. 621, Political, of the 22nd instant, I have the honour to inform your Lordship that all the Powers signatories of the Judicial Reforms Convention have notified to the Egyptian Government their adherence to the Rothschild Decree of the 15th instant with the exception of Greece.

Moustapha Pasha Fehmi, Minister for Foreign Affairs, informs me that, on his pressing the Greek Agent and Consul-General for a reply, that gentleman requested his Excellency to desist, because if he were compelled to answer, he should have to convey the refusal of his Government to adhere to the Decree. His instructions, however, permitted him to maintain reserve, and he therefore proposed to send no answer for the present on the subject.

The hesitation of Greece is, I understand, based upon the view that, according to the laws of the country, the Government will render itself liable for the debts of Egypt to Greek subjects if by the action of the Greek Government the claims of Greeks on the Egyptian Government should be sacrificed or impaired.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1596.

Lord Lyons to the Marquis of Salisbury.—(Received December 6.)

(No. 1194.)

My Lord,

Paris, December 3, 1879.

WITH reference to my despatch No. 1174 of the 26th ultimo, I have the honour to report that M. Waddington told me this afternoon that Count Beust, the Austrian Ambassador, had spoken to him again about the Commission de Liquidation to be instituted in Egypt.

M. Waddington went on to say that he had answered that he could not undertake to discuss the matter with his Excellency until after the debate on the question of confidence in the Ministry, which was on the eve of beginning in the Chamber of Deputies.

M. Waddington proceeded to observe to me that it might perhaps be possible, when the time came, to accord some satisfaction to Austria, without making any concession on essential points.

I have, &c.
(Signed) LYONS.

No. 1597.

Mr. Corbett to the Marquis of Salisbury.—(Received December 7.)

(Telegraphic.)

Athens, December 6, 1879.

WITH reference to my telegram of 1st, Greek Government having been unable to obtain from French Government for the Greek creditors, whose claims come after those of Rothschild, protection equal to that enjoyed by French creditors of the same category, still decline to accept Decree of Khedive.

The reasons they give are, firstly, that they would incur a grave civil responsibility towards Greeks in Egypt; secondly, a moral responsibility towards the nation; and thirdly, a political responsibility towards the Greek Parliament.

No. 1598.

Mr. Malet to the Marquis of Salisbury.—(Received December 7.)

(No. 183.)

(Telegraphic.)

Cairo, December 7, 1879.

MR. SCRIVENOR has been dismissed. Mr. Shee's resignation has been accepted. The Customs are now under native administration. The Government is willing to name a foreign Inspector-General to act with the native Director-General.

Baring is anxious to know whether your Lordship would be satisfied with this.

M. de Blignières entirely agrees that the foreigner should be English.

No. 1599.

The Marquis of Salisbury to Mr. Malet.

(No. 95.)

(Telegraphic.)

Foreign Office, December 7, 1879, midnight.

WHAT will be the relative positions of the English and native officials in the arrangement proposed in your telegram No. 183?

No. 1600.

Lord Odo Russell to the Marquis of Salisbury.—(Received December 8.)

(No. 581.)

My Lord,

Berlin, December 3, 1879.

M. DE RADOWITZ tells me that the German Chargé d'Affaires at Athens has been instructed to support the representations made to the Greek Government respecting their objections to the Rothschild Loan Decree of the 18th November, mentioned to me in your Lordship's telegram of yesterday's date, No. 72.

I have, &c.

(Signed)

ODO RUSSELL.

No. 1601.

Sir R. Lingen to Lord Tenterden.—(Received December 8.)

My Lord,

Treasury Chambers, December 6, 1879.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your Lordship's communication of the 20th ultimo, and I am directed to request you to state to the Secretary of State for Foreign Affairs that my Lords have received, with much surprise, the announcement, conveyed without excuse or explanation, of the default of the Egyptian Government to meet their engagement for the payment of the interest on the Suez Canal shares due to Her Majesty's Government on the 1st December.

The Egyptian Government have hitherto, in spite of financial and political difficulties and adverse seasons, paid the instalments of interest as they fell due, and my Lords are at a loss to understand what causes can be held to justify a default on the present occasion. They understand that the year has been unusually propitious, and the harvests of all descriptions of produce exceptionally productive, and that at the present moment, when the cotton crop has just been, or is in course of being, gathered, the recovery of the ordinary taxes ought to present no difficulty.

On the other hand, it is generally stated that the expenditure of the Government has been reduced; and, as is well known, the coupon on the Unified Debt was paid on the 1st November last at the rate of only 4 instead of 7 per cent. per annum. This being the state of the case, it would seem, in the absence of full explanation, that the conduct of the Egyptian Government has been the result either of wilful neglect or of equally unpardonable apathy and incapacity, and that a strong remonstrance should be addressed to them, without delay, recalling to them the absolute necessity of meeting their engagements, and, in view of the circumstances above referred to, insisting upon their giving some pledge for a strict observance of those engagements in the future.

The same observations apply with at least equal force to the Tribute payments, and my Lords would suggest that, in respect alike of Tribute and of interest on the Canal shares, the Egyptian Government should be required to set aside some special revenues, as in the case of the Unified and Privileged Debts, and to pay the produce into the hands of the Commissioners of the Public Debt, as security for these two classes of obligation. Probably, in the event of the appointment of the proposed Commission of Liquidation, it might be desirable, if Lord Salisbury sees no objection, to give instructions to the English Representatives with a view of insuring this result.

My Lords think it right to recall to the recollection of the Egyptian Government a circumstance which constitutes a strong claim, on the part of Her Majesty's Government, to insist on a strict observance by the former Government of its obligations in respect of the interest on the Suez Canal shares. At the time when the purchase of the shares was made the Egyptian Government was unable to borrow except at ruinous rates. Mr. Cave states, in his Report, that "none of the Egyptian loans cost less than 12 per cent. per annum, while some cost more than 13½ per cent. per annum, and the Railways Loan even 26·9 per cent., including sinking funds."

The advance, however, of Her Majesty's Government was made at an interest of no more than 5 per cent.

My Lords would, further, submit to the Secretary of State whether, in regard to the Tribute, it might not be pointed out to the Egyptian Government how inadvisable it will be to raise the various complicated and difficult questions which would be inseparable from an examination of the respective liabilities of the Porte and of the Egyptian Government.

I am, &c.

(Signed)

R. R. W. LINGEN.

No. 1602.

Baron Haymerle to Count Károlyi.—(Communicated to the Marquis of Salisbury by Count Károlyi, December 8.)

(Translation.)

Dear Count Károlyi,

Vienna, December 5, 1879.

WITH regard to the communications which your Excellency will be able to make to Lord Salisbury, on the basis of the official despatch concerning the Egyptian Commission of Liquidation, forwarded to-day, I request you to draw his attention, in strict confidence, to the important concessions we have made to prove our compliance with English wishes in this question.

We have dropped M. Kremer's project and have only retained from it the disposition which ensures to the Western Powers the majority in the Commission and, consequently, their determining position in it.

We give up the creation of a third Controller-General without demanding any compensation.

We do not object to the creation of a French and an English Controller-General, with the sphere of action which has been determined by both these Governments themselves in the Khedive's Decree, dated the 15th November, although we are well aware that these functionaries will have a decisive influence upon the whole apparatus of Egyptian administration.

We are ready to co-operate in the Commission of Liquidation, although our interests scarcely provide us with a sufficient motive for this.

We have carefully removed from the Statute of the Commission whatever might in any way give subject for interference with internal Egyptian affairs or for contestation with the Controllers-General.

Consequently, I believe to have had the greatest regard for the preponderating English and French interests in Egypt. I desired to give England a proof of my willingness to meet it half way in this question, and I count upon this being recognized and the same willingness being shown to us with regard to those questions which concern our own more immediate interests.

Lord Salisbury is aware how highly we value a most perfect understanding between England and us with respect to all Oriental questions. Our compliance with English wishes arises from the desire to support to our best the Egyptian policy of England.

Considering these facts I may well express the hope that the Egyptian question, as far as we are concerned, will be led by my communication of to-day to its desired solution. I believe to have done all that may appear desirable both in political and in

financial point of view for favouring the special interests of England. I request Lord Salisbury to judge the question from this point of view and to take accordingly his decision respecting my propositions.

I have, &c.
(Signed) HAYMERLE.

Inclosure in No. 1602.

Projet d'Organisation de la Commission de Liquidation.

A LA suite des propositions faites par MM. Blignières et Baring, Une Commission de Liquidation sera instituée. Elle sera nommée par Décret. Cette Commission se composera de deux Commissaires désignés par chacun des Gouvernements de France et de Grande Bretagne et d'un Commissaire désigné par chacun des Gouvernements d'Allemagne, d'Autriche-Hongrie, et d'Italie.* Le Gouvernement Egyptien se fera représenter par un Délégué auprès de cette Commission.

Elle déterminera les ressources qui pourront être mises à la disposition des créanciers des Dettes Consolidées ou Non-Consolidées, mais elle devra en premier lieu tenir compte de la nécessité de réserver au Gouvernement du Khédive la libre disposition des sommes indispensables pour assurer la marche régulière des services publics.

La Commission examinera, à cet effet, le budget ordinaire qui lui sera présenté, et soumettra par l'intermédiaire des Contrôleurs-Généraux ses observations à l'appréciation du Gouvernement.

Après avoir entendu les observations des parties intéressées et en tenant compte des droits spéciaux par les créanciers hypothécaires, conformément au Décret du Khédive en date du 15 Novembre, 1879 (Décret Rothschild), la Commission préparera un Projet de Loi réglant les relations du Gouvernement Egyptien, ainsi que des Dairas Sanie et Khassa, avec leurs créanciers, et déterminera les conditions et les formes dans lesquelles devra s'opérer la liquidation de la Dette Non-Consolidée.

En vertu d'un arrangement spécial à arrêter entre les Gouvernements d'Allemagne, d'Autriche-Hongrie, de France, de Grande Bretagne, et d'Italie d'un côté, et le Gouvernement du Khédive de l'autre, la loi qui sera préparée par la Commission sera revêtue de la sanction du Khédive et publiée par lui. Dès sa publication cette loi sera obligatoire et sans appel pour les Gouvernements Contractants, malgré les dispositions du Règlement d'Organisation Judiciaire et des Codes de la Réforme.

La Commission de Liquidation sera appelée à surveiller, dans les limites de sa compétence et d'accord avec les Contrôleurs-Généraux, l'exécution des dispositions arrêtées par elle-même. Cette compétence ne portera aucune atteinte aux attributions spéciales des Contrôleurs-Généraux définies par le Décret Khédivial du 15 Novembre, 1879.

La Commission n'aura pas le droit d'une ingérence quelconque dans la partie exécutive de l'administration du pays; mais les Contrôleurs-Généraux lui communiqueront, sur sa demande, les faits qui seraient de nature à l'intéresser dans l'accomplissement de la tâche qui lui sera conférée.

Les Contrôleurs-Généraux examineront, en outre, de concert avec les Commissaires de Liquidation, les questions de cette nature sur lesquelles les uns ou les autres jugeront utiles de conférer en commun.

La Commission communiquera, par l'intermédiaire des Contrôleurs-Généraux, soit au Khédive, soit à ses Ministres, les observations que ces délibérations lui auront suggérées.

Afin de concilier, autant que possible, les intérêts d'une marche régulière de l'administration du pays avec les droits et immunités appartenant aux administrés étrangers en vertu des Traités et des Capitulations, et toutes les fois que les Gouvernements susnommés, d'un commun accord, le trouveront utile, la Commission pourra être chargée d'examiner des questions de nature administrative ou judiciaire que ces Gouvernements pourraient vouloir conférer afin de trouver des solutions communes et aptes à écarter, dans les limites de leur compétence, les difficultés qui se présentent à ce sujet ou qui pourraient surgir à l'avenir.

Le crédit nécessaire aux travaux de la Commission sera ouvert par le Gouvernement Egyptien conformément au Rapport qui lui sera présenté par le Président de la Commission.

* Les deux Contrôleurs-Généraux et les quatre Commissaires de la Dette Publique seront appelés par les Gouvernements respectifs aux fonctions des Commissaires de Liquidation.

No. 1603.

Baron Haymerle to Count Károlyi.—(Communicated to the Marquis of Salisbury by Count Károlyi, December 8.)

(Translation.)

M. le Comte,

Vienna, December 5, 1879.

WE have attentively examined the English Government's memorandum of the 18th ultimo, relative to the Egyptian Liquidation Commission, and find that we can agree in the main with the observations therein.

After the elucidations which have been given to us, we renounce the appointment of a third Controller-General. We also accept the position that the Liquidation Commission which is to be instituted shall not be allowed to participate in the Executive of the Egyptian Administration. Inasmuch as we are prepared to take part in this liquidation in order to prove to England and France our full inclination to meet them in this question, we will restrict ourselves to the discussion of the sphere of operations which, in our opinion, might be conceded to this Liquidation Commission. And we enter into a discussion on this subject only for the reason that Lord Salisbury has expressly desired to have a more precise indication of our views thereon, and because he himself has pointed out the necessity of seeing the powers of this Commission within the sphere of its operations described more at large and more effectively.

For this purpose only have we indicated in the accompanying sketch the outlines which, according to our view, might be taken as the starting point for the formation of the Liquidation Commission desired by the two Western Powers. This sketch substantially reassumes only the well-known propositions which Messrs. de Blignières and Baring brought over to us, takes into consideration at the same time the Khedival Decree of the 15th ultimo, by which the attributions of the Controllers-General and the question of the hypothecary creditors have been arranged, and supplements these provisions in the sense only of the ideas indicated by Lord Salisbury himself in his memorandum, and in consonance with such principles as it appears to us desirable to regard, and in reference to which any difference of opinion could hardly exist. We do not look upon this sketch as a proposition upon the acceptance whereof without alteration we insist, and, in requesting your Excellency to communicate it to Lord Salisbury, my wish thereby is only to simplify the question for the sake of the desired understanding and of a speedy conclusion, without in any way running counter to the intentions of the Western Powers.

The complementary additions brought forward by me to the Anglo-French proposition relate to the expansion of the Commission's sphere of operations in the sense of Lord Salisbury's intimations only in so far as I think that the Commission, if it is to be called upon to decide, with the most extensive full powers, upon a reduction of the Egyptian State debts, must also have a voice in the settlement of the Egyptian normal Budget. Moreover, I am of opinion that the Commission, in consideration of the great responsibility which it is to undertake, might also be allowed to exercise a certain limited supervision over the execution of the measures which it has ordered; whereby, however, the competency of the Controllers-General should in no wise be touched, but their action only seconded, and an organized connection be established in the relations between the Controllers-General and the Commission, such as M. Waddington declares to be beneficial; and this connection should be made conformable with the provisions set forth in the Decree of the 15th November last, which regulates the appointment of these functionaries. The direct exercise of influence on the government and administration of the country should be exclusively reserved for the Controllers-General. Finally, I have endeavoured to carry out an idea of Lord Salisbury's, by regarding it as possible, in cases wherein all Powers concerned should acknowledge the expediency of such a measure, to transfer to the Liquidation Commission also the solution of such questions as exclusively affect foreign interests, and the arrangement of which, with the co-operation of all Governments, might turn out to be imperative, because, as Lord Salisbury points out on the Rothschild Decree, the diplomatic course in such cases only involves lengthy proceedings and delays.

These complementary additions to the Anglo-French proposition are indicated in our sketch by underlining. In all other points we adhere purely to the said proposition and to the Khedival Decree of the 15th November. Only I think that the preamble to the draft communicated to us, and in the 1st Article, the references to the Report of the Inquiry Commission should be eliminated, because the connection with a work the statements and inferences whereof do not in many cases bear the test, and which can hardly claim the significance attributed to it, seems superfluous and hazardous. Finally, a

passage from Article 1 of the aforesaid draft, which is not in accord with the Rothschild Decree lately agreed to, would have to be correspondingly replaced.

Your Excellency will be good enough to request Lord Salisbury to examine the sketch, and to express his opinion whether the idea of the Liquidation Commission, as we have attempted to fix the outlines of its organization, agrees with his views. I send this draft to Paris at the same time, and look forward with interest to the reports on the reception it shall have met with from the Western Powers.

In conclusion, I have only to add that, in reference to the completion of this matter, I will accede without hesitation to all further formal proposals which should be made to me in this respect.

Accept, &c.
(Signed) HAYMERLE.

No. 1604.

Memorandum.—(Communicated by the Count de Montebello, December 8.)

LE Gouvernement Grec s'est refusé jusqu'ici, malgré les représentations de plusieurs Puissances, à accorder son adhésion au Décret du Vice-Roi relatif à l'insaisissabilité des domaines en garantie des Emprunts Rothschild.

Il fait valoir :—

1. Que les hypothèques prises par des nationaux Grecs postérieurement à celles de la maison Rothschild dépassent 240,000L.

2. Que la solde disponible de l'Emprunt Domanial fera péniblement face aux créances inscrites avant l'inscription Rothschild, et que par conséquent les créances postérieures à celles-ci n'ont que très-peu de chances d'être satisfaites par le reliquat à verser de l'emprunt.

3. Que la Commission de Jurisprudence Spéciale consultée par le Gouvernement est d'avis qu'il n'a pas constitutionnellement le droit d'adhésion au Décret du Khédive sans en demander l'autorisation de la Chambre, et que son adhésion entraîne pour lui une responsabilité civile vis-à-vis des créanciers Hellènes.

Pour couvrir sa responsabilité le Gouvernement Grec demande que les sujets Hellènes porteurs d'hypothèques postérieures à celles de Rothschild reçoivent l'assurance qu'ils obtiendront une protection égale à celle dont jouiront les créanciers Français de la même catégorie.

J'ai fait observer au Gouvernement de la Grèce qu'il appartenait au Gouvernement Egyptien plutôt qu'à nous de lui donner les assurances, et sur la suggestion de M. de Blignières, le Ministre des Affaires Etrangères du Khédive a en effet déclaré par écrit au Consul de Grèce à Alexandrie qu'aucune distinction ne serait faite par le Gouvernement du Vice-Roi au point de vue du règlement des créances entre les créanciers de toutes nationalités, notamment entre les créanciers Grecs et Français. Néanmoins le Gouvernement Grec insiste pour obtenir efficacement de nous une garantie directe et explicite.

Je ne vois d'autre moyen de le satisfaire que d'exposer la question au Cabinet de Londres et de lui demander de vouloir bien lui donner avec nous pour sa part les assurances auxquelles il subordonne son adhésion au Décret du Vice-Roi. La Maison Rothschild du son côté est absolument résolue sur l'avis juridique de ses Conseils à n'effectuer aucun nouveau versement avant que cette adhésion soit définitivement acquise.

La situation est donc extrêmement urgente et si, comme je l'espère, le Cabinet de Londres approuve notre manière de voir, il serait désirable que des instructions fussent adressées par le télégraphe à ses Agents au Caire et à Athènes.

Le 7 Décembre, 1879.

(Signé) WADDINGTON.

No. 1605.

Sir A. Paget to the Marquis of Salisbury.—(Received December 8.)

(No. 94.)
(Telegraphic.)

Rome, December 7, 1879.

HAVING heard yesterday from my French colleague that the Italians continue to give trouble about Egyptian Commissioners, I have spoken to-day very strongly indeed

to Minister for Foreign Affairs on this subject. I do not venture to suppose that I have none any real [? good], but I certainly left his Excellency plenty of matter for reflection. I said, among other things, that if, in consequence of difficulties and pretensions raised by other Powers, a liquidation could not be effected, Italian Government must expect to bear dearly the whole responsibility of the failure before the English and French Governments and creditors, who would look upon the action of Italy as unfriendly, if not hostile; and I asked him to consider whether even Italian creditors would thank him for thwarting arrangements by which all claimants would be fairly dealt with, and failing which might possibly receive nothing. I insisted on uselessness of their now trying to obtain a share in the Control.

No. 1606.

*The Marquis of Salisbury to Mr. Malet.**

(Telegraphic.)

Foreign Office, December 8, 1879.

I HAVE received from Count Károlyi explanation of the Austrian views, of which the following is an abstract drawn by him :—

"We adhere in general to the English memorandum of the 18th of last month concerning the Egyptian Commission of Liquidation.

"We renounce our demand of a third Controller-General.

"We accept that the Commission of Liquidation have no part in the Executive of the Egyptian finances.

"We accede to Lord Salisbury's wish for a precise statement of our opinion as to the sphere of activity which is to be given to the Commission of Liquidation by forwarding the inclosed sketch.

"This sketch resumes the proposals made by England and France, takes into account the Decrees of the Khedive of the 15th November, and also contains several additions which we consider generally desirable.

"These additions refer to the enlargement of the competency of the Commission by conceding to it—

"1. A certain influence on the settling of the normal Budget;

"2. A limited right of supervision over the execution of the measures ordered by it;

"Both these rights to be exercised in agreement with the Controllers-General, to whom would be left exclusively the direct influence over the Government and Administration.

"3. Lastly, the right of settling those questions concerning all the foreign Powers which otherwise would have to be settled by a circumstantial negotiation between the Cabinets.

No. 1607.

Mr. Malet to the Marquis of Salisbury.—(Received December 8, 11 A.M.)

(No. 184.)

(Telegraphic.)

Cairo, December 8, 1879.

YOUR Lordship's No. 95.

The native would be the head, the Englishman second. Mr. Baring considers that management would be practically in the Englishman's hands. Mr. Caillard, Director-General of Posts, would probably have the place offered to him.

No. 1608.

The Marquis of Salisbury to Mr. Malet.

(No. 98.)

(Telegraphic.)

Foreign Office, December 8, 1879, 7 P.M.

WE are willing to accept appointment mentioned in your telegram No. 184.

* Also to Sir Henry Elliot and Lord Lyons.

No. 1609.

The Marquis of Salisbury to Lord Lyons.

(No. 223.)

(Telegraphic.)

Foreign Office, December 8, 1879, 7.15 P.M.

COMMUNICATION received from French Government, explaining grounds—same as those stated in Mr. Corbett's telegram of the 6th December—upon which the Greek Government refuses its adhesion to the Rothschild Decree. Greek Government has asked French Government to give a guarantee that its creditors shall receive equal protection to French creditors of the same category.

French Government has replied as stated in Mr. Malet's telegram No. 181; but Greek Government still asks French guarantee.

To remove difficulty, French Government have proposed to Her Majesty's Government that the two should give this assurance, and that they should instruct their Agents at Athens and Cairo accordingly.

Inform M. Waddington that Her Majesty's Government are ready to assure the Greeks that in their view all creditors should be treated alike, without reference to their nationality; and that, consequently, Greek creditors, as such, ought to be treated on a par with French creditors, as such.

Her Majesty's Government will use their influence with the Egyptian Government, or any other authority charged with this matter, to induce it to act on this view.

No. 1610.

The Marquis of Salisbury to Sir H. Elliot.

(No. 788.)

Sir,

Foreign Office, December 8, 1879.

THE paper, of which a copy is inclosed, has been given to me by Count Károlyi, who states that it explains briefly the views of the Austro-Hungarian Government upon the subject of the powers of the Commission of Liquidation which it is proposed to establish in Egypt.

I am, &c.
(Signed) SALISBURY.

No. 1611.

The Marquis of Salisbury to Sir H. Elliot.

(No. 789.)

Sir,

Foreign Office, December 8, 1879.

COUNT KÁROLYI called on me on the 6th instant, to discuss Egyptian questions.

He had not received the full statement of the intentions of his Government, and therefore made to me no official communication with respect to them. It was evident, however, that he had received telegraphic instructions on the subject, as his language differed somewhat from that which he had employed previously.

He still admitted that the demand for the third Controllorship was a point which it was not necessary to put forward, and which his Government would be willing to pass over, but he spoke more distinctly than he had ever done before of a desire on their part to obtain for Austria some share, though a small one, in the future government of Egypt, after the Liquidation Commission should have reported, and been dissolved.

He even went so far as to suggest that this position might be conceded to Austria to the exclusion of Italy, so as to avoid the constitution of an International Government.

In the absence of any definite plan or avowed instructions from his Government, I did not discuss the matter in detail, but I intimated that it was to be feared that any such arrangement as he contemplated would be found very difficult of execution; and I at the same time warned him that in this matter of Egypt the Governments of France and England were acting absolutely together, and that no decision would be taken by one without previous consultation with the other.

He also informed me that the Austrian Agent at Cairo had applied for leave to call himself Minister Resident (to which he has a right), and to use the title in his official acts, giving as his reason that the British Agent did so with respect to the title of Minister Plenipotentiary which he possessed. He asked me whether it was true that we had

accredited a Minister Plenipotentiary at Cairo, observing that, if it was so, it was a departure from our earlier custom, which had been to reserve such a form of diplomatic representation for independent Courts.

I replied that Mr. Malet had the personal rank of Minister Plenipotentiary, but that he was not accredited as such to the Khedive, to whom he was only accredited as a Diplomatic Agent, and whom he could only address in that capacity.

But I added that I thought it at the same time probable that, possessing the title of Minister Plenipotentiary, he would recite it in any official act, exactly as he would recite any other title which he might possess.

I am, &c.
(Signed) SALISBURY.

No. 1612.

The Marquis of Salisbury to Lord Lyons.

(No. 1460.)

My Lord,

Foreign Office, December 8, 1879.

I HAVE received a communication from the French Government explaining the grounds, which are in substance the same as those referred to in Mr. Corbett's telegram of the 6th instant, upon which the Greek Government refuses its adhesion to the Rothschild Decree, as they hold that the claims of Greek creditors who had taken out "inscriptions hypothécaires" subsequent to the 3rd February are not sufficiently secured.

The Greek Government has accordingly asked the French Government to give a guarantee that its creditors shall receive equal protection to French creditors of the same category.

The French Government has replied, as your Excellency is aware, to the effect stated in Mr. Malet's telegram No. 181, but the Greek Government still ask for the French guarantee.

To remove this difficulty the French Government have proposed to that of Her Majesty that the two should give the required assurance, and that they should send the necessary instructions to their Agents at Cairo and Athens.

I have to request that your Excellency will inform M. Waddington that Her Majesty's Government are ready to assure the Greek Government that, in their opinion, all the creditors of the Khedive should be treated alike, without reference to their nationality, and that consequently Greek creditors as such should be treated on a par with French creditors as such.

Your Excellency will add that Her Majesty's Government will be ready to use their influence with the Egyptian Government, or with any other authority charged with this matter, to induce it to act on this view.

I am, &c.
(Signed) SALISBURY.

No. 1613.

The Marquis of Salisbury to Mr. Malet.

(No. 346.)

Sir,

Foreign Office, December 8, 1879.

I RECEIVED yesterday your telegram No. 183, stating that Mr. Scrivenor having been dismissed from the appointment of Director-General of Customs, and Mr. Shee's resignation of the post of Inspector-General having been accepted, the Department has now been placed under native administration. You added, however, that the Egyptian Government are willing to name a foreign Inspector-General to act with the native Director-General, and that in case of this arrangement being accepted, M. de Blignières agreed in the opinion that the foreign official so named should be an Englishman.

I thought it right to inquire of you what would be the relative positions of the native and foreign officials under these circumstances.

I understand from your telegram No. 184, in reply, that although the Egyptian officer would have the superior position, yet that the appointment of Inspector-General would give to the Englishman who held it a sufficient practical control over the management of the Customs, and further, that the office would in all probability be offered to Mr. Caillard, the present Director-General of Posts.

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I have accordingly informed you by telegraph that Her Majesty's Government are willing to accept this arrangement.

I am, &c.
(Signed) SALISBURY.

No. 1614.

Sir H. Elliot to the Marquis of Salisbury.—(Received December 9.)

(No. 777. Confidential.)

Vienna, December 5, 1879.

My Lord,

I LEARN from Baron Haymerle that he has received from your Lordship a memorandum on the proposed Egyptian Commission of Liquidation, and that he is forwarding in return the project of a Decree for its constitution, in which he has introduced the modifications which he thinks required in the draft proposed to him during the visit of Messrs. Baring and Blignières.

Your Lordship will find, he says, that in deference to the wishes of Her Majesty's and the French Government, the proposal for a third Controller-General is abandoned; but if, in the modifications he has suggested in the draft Decree, your Lordship should find anything that you consider objectionable, he will willingly show every disposition to meet your views.

The Italians, he says, are much dissatisfied with him for not supporting the pretensions they wish to maintain, but, though he is bound to do what seems requisite for the interests of Austro-Hungarian subjects, he is above all things anxious to come to an agreement with Her Majesty's Government.

I have, &c.
(Signed) HENRY ELLIOT.

No. 1615.

Mr. Malet to the Marquis of Salisbury.—(Received December 10.)

(No. 633. Political.)

Cairo, November 28, 1879.

My Lord,

WITH reference to your Lordship's telegram No. 89 of the 24th instant, I have the honour to inform your Lordship that I said to Riaz Pasha, President of the Council, to-day that Prince Halim had seen your Lordship, and after explaining the extent and origin of his claim against the Egyptian Government, and complaining that the Commission of Inquiry had in their last Report struck his claim out without examination, his Highness had asked your Lordship to call the attention of the Egyptian Government to it.

I said that your Lordship had instructed me to do so, and to explain at the same time that it was not the business of Her Majesty's Government to pass judgment on the merits of such claims, which your Lordship hoped would eventually be done by a Commission of Liquidation.

Riaz Pasha replied that he thought that Prince Halim ought to rest content if a sum of from 10,000l. to 12,000l. a-year were allotted to him in the general settlement, that his claims were very large, and out of proportion to the means of the country.

I rejoined that I would express no opinion with regard to them, but that I begged his Excellency to take notice that I had brought the subject before him, and had thus executed the promise made to Prince Halim by your Lordship.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1616.

Mr. Malet to the Marquis of Salisbury.—(Received December 10.)

(No. 637. Political.)

Cairo, December 1, 1879.

My Lord,

THE Controllers-General, Major Baring and M. de Blignières, were present to-day for the first time at the Council. Major Baring informs me that he was much pleased at

the manner in which the proceedings were conducted. He and M. de Blignières submitted a programme of action addressed to the Khedive, of which I have the honour to inclose herewith a copy to your Lordship. It was discussed with much intelligence by the Ministry, and ultimately frankly accepted.

Major Baring informs me that he and M. de Blignières are preparing arrangements by which the hypothecated mortgage creditors may be paid without delay, but that nothing can be done in execution of any arrangement which may be agreed upon until Greece has sent in its adhesion to the Rothschild Decree.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1616.

Programme of Action submitted by the Controllers-General to the Council.

Monseigneur,

Caire, le Novembre, 1879.

NOMMÉS Contrôleurs-Généraux par Décret de votre Altesse, en date du 4 Septembre dernier, nous nous sommes empressés de rechercher comment nous pouvions apporter au Gouvernement Egyptien le plus utile concours.

Les fonctions auxquelles nous appelait votre Altesse n'impliquaient aucune ingérence directe dans l'administration du pays, mais elles nous imposaient le devoir d'indiquer à son Ministère, sans entraver, dans quelque mesure que ce soit, sa liberté d'action, les mesures que réclame l'intérêt commun du pays et de ses créanciers. Animés du plus ferme désir de seconder les vues de votre Altesse en prêtant toute notre assistance aux Ministres à qui elle a confiée le soin de les réaliser, nous nous sommes demandés tout d'abord quelles étaient les premières mesures à prendre pour préparer la liquidation des charges léguées au Gouvernement de votre Altesse par le régime précédent.

Nous n'avons pas à rappeler que le 6 Avril, 1876, un Décret Khédivial a déclaré que le Gouvernement Egyptien était dans la nécessité de suspendre le paiement des bons du Trésor et d'en réduire l'intérêt.

Le même Décret annonçait que le Conseil des Ministres préparait une combinaison financière pour régler la dette Egyptienne. Pour réaliser cette combinaison divers Décrets ont été promulgués, mais ils présentaient tous ce double inconvénient: de n'être pas reconnus comme obligatoires par les Tribunaux de la Réforme et de ne pas régler l'ensemble de la situation financière. Etant donné l'impossibilité où se trouvait le Gouvernement de faire face à tous ses engagements la situation financière ne pouvait être régularisée que par une loi spéciale de liquidation, loi spéciale nécessaire parce qu'il s'agit ici non de la faillite d'un particulier mais de l'insolvabilité d'un Gouvernement.

Si, en effet, nous étions en présence de la faillite d'un commerçant nous trouverions dans le Code Egyptien des dispositions spéciales restreignant les droits des créanciers, et en réglant l'exercice de telle sorte que l'administration des biens, gage commun des créanciers, ne soit pas compromise et entravée.

Mais les Codes Egyptiens, non plus que ceux d'aucun autre pays, ne prévoient le cas de l'insolvabilité momentanée même ou l'insolvabilité partielle du Gouvernement.

Quand cet état d'insolvabilité existe, il est cependant indispensable d'assurer entre tous les créanciers une répartition équitable de l'actif disponible et de les empêcher en exerçant individuellement l'intégralité de leurs droits d'entraver par des saisies incessantes la marche de l'Administration. Aussi, partout où l'on s'est trouvé en présence d'une situation analogue, une loi spéciale a-t-elle suppléé à l'insuffisance des dispositions du droit commun.

En Egypte une loi semblable est plus nécessaire que partout ailleurs parce que en Egypte la loi elle-même, ou du moins l'interprétation qui en est faite, accorde aux créanciers de l'Etat des droits plus étendus que n'en ont généralement les créanciers d'un Gouvernement.

Mais si la nécessité de cette loi est de toute évidence, sa promulgation soulève, par suite des Traités de la Réforme, des difficultés d'une nature toute particulière.

Les Tribunaux Internationaux ne reconnaîtront à une loi promulguée par le Gouvernement Egyptien un caractère obligatoire qu'à la condition qu'elle soit acceptée par les Puissances qui ont pris part à la Réforme judiciaire.

Nous aurions voulu proposer à votre Altesse de confier la préparation de cette loi à une Commission constituée avec l'assentiment des principales Puissances intéressées, et investie de pouvoirs législatifs, restreints toutefois au règlement des relations du Gouvernement avec ses créanciers.

On a reconnu les avantages que présentait cette manière de procéder et la nécessité de conférer à la Commission des pouvoirs législatifs, mais des divergences de vues se sont élevées au sujet de la limitation des pouvoirs de la Commission à cet objet déterminé.

Nous avons pris part aux négociations qui se sont engagées à ce sujet; attendre qu'elles aient abouti, c'eût été retarder longtemps peut-être encore notre départ pour l'Égypte.

Il y aurait cependant des graves inconvénients à laisser en suspens les intérêts qui se rattachent à une question dont, depuis près de quatre ans, on attend la solution. Aussi demandons-nous à votre Altesse d'inviter son Conseil des Ministres à préparer un règlement général de la situation financière.

Les éléments d'un règlement semblable ont déjà été réunis par la Commission Supérieure d'Enquête, et sans doute il sera possible encore de tenir compte dans une certaine mesure des propositions qu'elle avait adoptées. Les faits qui se sont produits depuis lors nécessiteront cependant une étude nouvelle qu'il est urgent d'entreprendre et à laquelle nous nous empresserons de nous associer.

Si lorsque ce règlement aura été élaboré la Commission de Liquidation est constituée, le Gouvernement Égyptien pourrait le lui soumettre, et il servira de point de départ au travail de la Commission.

Dans le cas contraire, estimant que le devoir du Gouvernement est de faire tout ce qui dépend de lui pour mettre fin à un état de confusion funeste à tous les intérêts, et pour distribuer entre les créanciers les ressources dont il dispose, nous conseillerons au Gouvernement de promulguer ce règlement, et en attendant que les Puissances y aient adhéré, d'en assurer l'exécution en ce qui concerne les créances qui consentiront à l'accepter.

Nous prions donc votre Altesse de vouloir bien inviter le Conseil des Ministres à préparer dans le plus bref délai le Budget des Recettes de l'année prochaine, ainsi que le Budget des Dépenses Administratives. On pourra connaître alors les sommes disponibles et la répartition en sera faite entre les diverses Dettes Consolidées.

Quant aux créanciers de la Dette Non-Consolidée, le Décret du 15 Novembre dernier leur attribue le solde disponible de l'Emprunt Domanial, pour le montant de leurs créances qui ne pourra pas être remboursé en numéraire, nous croyons qu'il conviendrait de leur remettre des titres portant intérêt et remboursables dans un délai déterminé.

Quelques difficultés s'opposent encore au versement du solde de l'Emprunt Domanial. Nous avons examiné, de concert avec les contractants de cet emprunt, comment elles pourraient être levées, et nous aurons l'honneur de soumettre à votre Altesse à ce sujet des propositions spéciales.

La principale de ces difficultés provient des inscriptions hypothécaires, qui ont été prises sur les immeubles domaniaux avant la transcription de l'acte de gage. Nous aurions voulu que les pouvoirs donnés à la Commission de Liquidation lui permissent de faire radier ces inscriptions, si elle le croyait nécessaire à la répartition équitable entre tous les créanciers des ressources disponibles et que le Gouvernement Égyptien ne fut pas tenu d'appliquer la stricte lettre du droit commun à un cas non prévue par ce droit commun. Une fin de non recevoir absolue a été opposée aux propositions que nous avons faites en ce sens, et l'Article 4 du Décret du 15 Novembre garantit aux créanciers qui ont fait inscrire des hypothèques judiciaires avant le 3 Février, 1879, le plein exercice de leurs droits.

Ce plein exercice implique le paiement des créances dans la limite du prix de vente des immeubles hypothéqués.

Mais l'intérêt du Gouvernement aussi bien que de ses créanciers est de restreindre autant que possible les aliénations d'immeubles.

En effet, à la suite de chaque aliénation les contractants de l'emprunt se proposent de retenir une somme égale au préjudice que leur causerait cette aliénation, c'est-à-dire la somme nécessaire pour amortir, par achats faits au cours de la Bourse, les obligations dont le service était assuré par le revenu des immeubles vendus. Les sommes ainsi retenues seront sans doute supérieures au prix de vente.

D'autre part, si des immeubles sont hypothéqués pour une somme supérieure à leur valeur, en désintéressant complètement les créanciers inscrits, on leur donnerait, au préjudice de la masse, plus que ce à quoi ils ont droit de prétendre.

Nous croyons donc qu'il conviendra de diviser les créances en deux catégories:—

1. Celles qui sont garanties par des hypothèques sur des immeubles dont la valeur est notoirement supérieure au montant des créances hypothécaires qui les grèvent. Ces créances devront être remboursées sans qu'il soit procédé à la vente des immeubles; tel est le cas de la grande majorité des créances.

2. Celles qui ne sont garanties que par des inscriptions dont le montant dépasse la valeur des immeubles hypothéqués.

Nous estimons que le Gouvernement ne doit pas chercher à éviter la vente de ces immeubles, qui sont du reste en nombre fort restreinte, en prélevant sur les fonds disponibles de l'emprunt le montant des créances dont il s'agit.

Le plein exercice des droits que les créanciers tiennent de leurs hypothèques ne leur donne qu'un droit au prix de vente des immeubles. Si ce prix de vente est inférieur au montant des inscriptions, ou s'il existe des créanciers privilégiés, les créanciers hypothécaires sont, pour la partie de leurs créances qui n'est pas couverte par la quote-part disponible du prix de vente, dans la même situation que les créanciers chirographaires. Désintéresser intégralement cette classe de créanciers hypothécaires à l'aide des fonds que le Décret du 15 Novembre attribue à la Dette Non-Consolidée ce serait donc causer un préjudice certain, tant à la masse des créanciers qu'aux créanciers privilégiés, tels que les employés, pour leurs arriérés de traitement. En effet, si des immeubles sont vendus, le prix sera distribué par les Tribunaux et les créanciers privilégiés pourront être colloqués dans l'ordre qui sera ouvert; ils seront payés avant tous autres et sans délais.

Nous ne saurions nous dissimuler, Monseigneur, que les avantages faits aux créanciers dont les hypothèques ont été inscrites avant le 3 Février, 1879, soulèveront de légitimes réclamations; mais il n'a pas dépendu de nous que le Gouvernement ne fut laissé libre d'appliquer à la répartition des ressources disponibles les principes d'égalité proportionnelle qu'avait posés la Commission d'Enquête. Nous n'avons pu que protester au nom des intérêts du Gouvernement Égyptien et de la masse des créanciers contre la décision qui a été prise. Nous croyons en effet que par cette décision se trouvent considérablement aggravées les difficultés qu'il faut résoudre avant d'entreprendre l'œuvre de réforme qui permettra seule d'assurer l'avenir après avoir liquidé le passé.

Daignez, &c.

A Son Altesse le Khédive.

No. 1617.

Sir G. Elliot, M.P., to the Marquis of Salisbury.—(Received December 10.)

My Lord,

Hotel Bristol, Paris, December 6, 1879.

I HAVE the honour to acquaint your Lordship that I have felt it a duty to address to your Lordship a few observations on Egyptian affairs, as they at the present time present themselves to my mind.

Your Lordship will, I trust, forgive me for being apparently a little prolix. This must be attributed somewhat to my want of education and consequent deficient facilities for literary composition.

For thirteen years past I have each year spent some months in Egypt, commencing very shortly after the accession of the ex-Viceroy, whose acquaintance I then made, and soon became friendly and on terms of intimacy with his Ministers and other persons in authority in Egypt.

I have traversed the country many times from the Cataracts to the Barrage; have descended the branches of Rosetta and Damietta to the sea, and made myself acquainted with almost every factory and industry connected with the country.

As an engineer, I have visited and assisted in designing some of the great works of Egypt, notably the Alexandria Harbour, and am well acquainted with the several Egyptian seaports, viz., Alexandria, Rosetta, Damietta, Port Saïd, Ismaïlia, and Suez, as well as the canals of Suez, Ismaïlia in Upper Egypt, and the others traversing the country. The railway system and the transport through these canals and on the Nile have also occupied much of my attention, and upon which I have from time to time advised the Egyptian Government.

Previous to the visit to Egypt of Mr. Stephen Cave, M.P., I had with Mr. Lang, who is a good Arab scholar, and the financial agent and manager to the Imperial Ottoman

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Bank, advised the Khedive upon his financial position, and in 1874 and 1875 I published a pamphlet on the finance of Egypt, declaring then, as I do now, that the rate of interest ought to be less than that subsequently insisted upon by Mr. Cave, the Right Honourable Mr. Goschen, M. Joubert, Mr. Rivers Wilson, and others, as it seemed to be exorbitant under the circumstances, and could not at the time be paid out of the industry and agriculture of the country. These few facts I merely mention so as to enable your Lordship to attach a proper value to the observations I am about to make.

1. As an Englishman, my undeviating conviction has been that England ought to have a predominating interest over all other nationalities in Egypt. The greatest step in support of this view was its semi-emancipation from Constantinople, and notably the change on the succession of the future Khedive, thereby constituting it almost practical independence.

2. The next great step was the development of the interest of England more than five years ago by its acquiring half of the Suez Canal, through which nearly four-fifths of the commerce which passes is either British or carried in English vessels. I estimate this property financially to be worth nearly double what was paid for it at the time, viz., 4,000,000*l.* As a speculation it will become more and more valuable, and must eventually belong to our country, because the Frenchman does not invest his money at so low a rate of interest as the Englishman, consequently, as year after year passes, the ordinary shares in the Suez Canal will gravitate into English hands. Besides, politically and in the interest of our commerce, our Indian Empire, the lately acquired power in Asia Minor, and the possession of Cyprus, I attach infinitely more importance to the purchase than the mere acquisition of the 4,000,000*l.* into 8,000,000*l.*

3. For many years past I have felt a keen interest, arising from the strongest conviction, both in a naval as well as a maritime point of view, as to the importance to be attached to the control of the Alexandria Harbour being in the hands of the British, and I have all along considered that it ought, if possible, to be the property of an English Company, and that the entrance to the harbour should be deepened so as to make it a rendezvous for our ships of war.

Respecting this part of my remarks, I beg respectfully to refer your Lordship to the Treaty or Decree of the 18th November, 1876, with the Khedive, being the result of Messrs. Goschen and Joubert's financial negotiation. Your Lordship will there perceive that, in Clauses (speaking from memory) Nos. 24, 27, and 28, which were inserted at my instigation (also an addition was made in another clause), there is a proviso on behalf of the Egyptian Government to detach the harbour from the Preferred Debt, as well as the railways.

These were both specially inserted owing to my intervention with the Khedive and Mr. Goschen, in the belief that at some future time the harbour might fall into the hands of the English.

At this time (November 1876), not having the honour of the acquaintance of the then Foreign Minister, Lord Derby, I made unofficial communications similar to this, very earnestly calling the attention of the present Prime Minister to these facts. His Lordship never, however, gave me any instructions; indeed, I desired not then, nor do I ask for any now, which doubtless he considered might have been felt as an interference with the Foreign Secretary's duties. Since, however, your Lordship's assumption of the distinguished office of Foreign Secretary, and since the memorable despatch of the 1st April, 1878, I have not communicated with any one on the subject of the acquisition of the Alexandria Harbour and Railway and a portion of the Suez, except verbally to your Lordship. I, however, had frequent communications with the First Lord of the Admiralty as to the condition of the access to the Alexandria Harbour and its importance as a great naval station, and last year I visited the port with him and the Hydrographer of the Admiralty, and pointed out the defect and the remedy.

The reason I have for venturing to trouble your Lordship at this moment arises from a communication made to me yesterday by M. Hentsch, who is the President of the great Paris Syndicate, and President of the Comptoir d'Escompte, the effect of which news was, I need not add, a matter of surprise to me. It seems there had been for some time past a project by M. de Blignières, one of the Comptrollers, who had laid it before the French financiers, showing that their debt of 5,000,000*l.* or 6,000,000*l.* sterling might be secured in one of the following ways:—

1. That the securities which they now hold, consisting of Unified Bonds, Founder Shares of the Suez Canal, and a charge on the reversion of the 2,000,000*l.* sterling Unified Bonds held in deposit on behalf of Messrs. Greenfield and Co., in London, might now, in consequence of an Agreement entered into in November 1878 with Mr. Wilson, that they are enabled to dispose of them in consequence of default of the Egyptian

Government on the 1st January next, which is inevitable, owing to the nature of such Agreement; or,

2. That they should have sequestration or hypothecation to them for twelve years of all the customs dues; or,

3. That they should take and purchase the harbour and railways, and guarantee the payment of the preferred interest. This was to include the navigation of the canals (excepting the Suez), and also the Nile to Asoot; or,

4. They may take the railways and navigation without the Alexandria Harbour.

The reason of No. 4 was because of the lien which Greenfield and Co. had over that property, and this course is what I should prefer to any other.

The momentous changes which have taken place since 1876 in the policy of Her Majesty's Government have more and more proved the necessity for the ports of Alexandria and Famagousta to be both made such as to safely receive our largest ships of war for the protection of our commerce, and for the maintenance of our supremacy in the East.

M. Hentsch informs me that the English Government knows of this project, and he has mentioned it to M. Waddington, and I understood him to state that he had been invited to act either as Chairman or Vice-Chairman in connection with this great enterprise. England, I understand, may also take a prominent part in it.

It is unnecessary for me to state how glad I should be if by any arrangement the port of Alexandria could be secured to English interests. For myself, I am indifferent about taking any part in it commercially unless it will improve and strengthen British interests. I cannot, however, look on and hear what I have stated respecting matters of such great moment without communicating them to your Lordship.

England's co-operation in these great questions with France will, I fear, not bear good fruit, as there seems no stability, either in the instincts of the people or those of their Government, to make them suitable allies of ours in works of this nature. At the same time, we cannot look on and see them grasp all these prizes, involving so much power, without either arresting them altogether or attempting to control them by co-operation or otherwise.

Your Lordship has been kind enough, for which I am obliged, to give me a letter of introduction to Mr. Malet, the Egyptian Consul-General, which, however, for the present I will hold in hand, as it may be probable, after reading this statement, that your Lordship may consider it necessary in some measure either to enlarge or vary the possible instructions contained therein, and to make some reference to Mr. Baring, the Controller.

I may mention that M. Hentsch has asked my individual co-operation in reference to the railway and harbour purchase.

Your Lordship will perhaps pardon a suggestion which I feel bound to make (since this communication is almost the complement of my former statements to the Prime Minister at the end of the year 1876 and early in 1877), that, if your Lordship sees no objection, to either send this letter, or a copy of it, to Lord Beaconsfield for his perusal.

I have, &c.
(Signed) GEORGE ELLIOT.

No. 1618.

Mr. Malet to the Marquis of Salisbury.—(Received December 10.)

(No. 185.)
(Telegraphic.)

Cairo, December 9, 1879.

I HAVE shown the Controllers-General your Lordship's telegram No. 97. They make the following remarks with regard to it:—

"We hope that, before any definite decision is taken, we shall have an opportunity of expressing our opinions as to manner in which the proposed scheme is likely to work in practice. The experience acquired since our arrival confirms us in our opinion that any sort of general international control over the execution of the measures proposed by the Commission of Liquidation is open to grave objections. The present system of government is working well and affords very fair hopes of stability. We fear that the introduction of other nationalities whose representatives are evidently little disposed to judge financial questions on their intrinsic merits may cause much trouble. The Italians especially will, we anticipate, endeavour to do all in their power to prevent continuance of present cordial Anglo-French understanding."

Sir H. Elliot to the Marquis of Salisbury.—(Received December 10.)

(No. 196.)
(Telegraphic.)

Vienna, December 9, 1879, 5 P.M.

AUSTRIAN Minister for Foreign Affairs has telegraphed to Athens urging the Greek Government to accept Rothschild Decree, representing that subjects of all countries will be necessarily treated equally, and political considerations make it unwise of the Greek Government to run counter to the wishes of England and France.

No. 1620.

Sir H. Elliot to the Marquis of Salisbury.—(Received December 10.)

(No. 197.)
(Telegraphic.)

Vienna, December 9, 1879, 5.10 P.M.

IN speaking to-day of the proposed Liquidation Decree, I told Austrian Minister for Foreign Affairs that it was essential to avoid giving the Commission a character of permanency.

He said that he had avoided touching that point and that it was not necessary to do so; for though he did not believe that the task of the Commission could be very quickly completed, whenever English and French Governments considered its maintenance undesirable they could at once put an end to its existence by withdrawing their members.

No. 1621.

Lord Lyons to the Marquis of Salisbury.—(Received December 10.)

(No. 169.)
(Telegraphic.)

Paris, December 9, 1879, 5.40 P.M.

M. WADDINGTON begs your Lordship to telegraph as soon as possible to Athens and Cairo the instructions proposed in your telegram No. 223 about guarantees required by Greece. He says instructions in the same sense have already been telegraphed to both places by France, Austria, Germany, and Italy.

No. 1622.

The Marquis of Salisbury to Mr. Corbett.

(Telegraphic.)

Foreign Office, December 10, 1879.

WITH reference to your telegram of the 6th instant, you may inform the Greek Government that, in the opinion of Her Majesty's Government, all creditors should be treated alike, without reference to their nationality; and consequently Greek creditors, as such, ought to be treated on a par with French creditors, as such.

I am informed that similar instructions have been sent to their Agents at Athens and Cairo by the Governments of France, Austria, Germany, and Italy.
(Repeated to Paris, Vienna, Berlin, Rome, and Cairo.)

No. 1623.

Lord Odo Russell to the Marquis of Salisbury.—(Received December 10.)

(No. 83.)
(Telegraphic.)

Berlin, December 10, 1879, 8.48 A.M.

YOUR telegram No. 78.

German Government are exerting their influence at Athens and at Cairo to remove hesitation of Greek Government in regard to Rothschild Decree.

Lord Lyons to the Marquis of Salisbury.—(Received December 11.)

(No. 1211.)

My Lord,

Paris, December 9, 1879.

IN execution of the instruction conveyed to me by your Lordship's telegram No. 223 of yesterday, I went this afternoon to M. Waddington to convey to him the answer of Her Majesty's Government to his request that they should join in giving the assurance required by the Greek Government with regard to the treatment of Greek creditors under the Rothschild Loan Decree.

I delivered the answer to him in the following terms:—

"Her Majesty's Government are ready to assure the Greek Government that, in their view, all creditors should be treated alike, without reference to their nationality, and that consequently Greek creditors as such ought to be treated on a par with French creditors as such. Her Majesty's Government will use their influence with the Egyptian Government, or any other authority charged with the matter, to induce it to act upon this view."

At M. Waddington's request I gave him a memorandum in writing of this answer, and he desired me to ask your Lordship to send instructions in conformity with it to the British Representatives at Athens and Cairo as soon as possible.

He said that he had himself already dispatched by telegraph instructions on the subject both to Athens and to Cairo, and that he had been informed by the Austro-Hungarian, German, and Italian Governments that they also had sent by telegraph instructions in the like sense to both places.

I have, &c.
(Signed) LYONS.

No. 1625.

Lord Lyons to the Marquis of Salisbury.—(Received December 11.)

(No. 1212. Confidential.)

My Lord,

Paris, December 10, 1879.

BY a telegram dated the day before yesterday (No. 222), your Lordship did me the honour to communicate to me an abstract which you had received from Count Károlyi, the Austro-Hungarian Ambassador, of the views of his Government with regard to the Commission of Liquidation which it is proposed to establish in Egypt.

I had yesterday afternoon some conversation on the subject with M. Waddington.

His Excellency told me that several papers, including, he thought, a formal draft of a Decree, had been put into his hand by Count Beust, the Austro-Hungarian Ambassador here. He had, he said, thought it better to take them for consideration without making any observation to Count Beust at the moment. He would, however, tell me confidentially that, so far as he could judge at a first glance, there were several proposals to which it would be unadvisable for France and England to agree. It seemed, indeed, to be proposed by Austria that the Commission de Liquidation should be a permanent body, that it should take part in drawing up the Egyptian Budget, and that it should control the execution of the measures which it recommended. All this M. Waddington thought open to objection, but he should be glad to find the means of satisfying Austria, without giving in to any excessive pretensions on her part.

I asked M. Waddington to allow me to read to him a memorandum which had, I said, been communicated by your Lordship to Count Károlyi on the 18th November last.

M. Waddington said that a copy of this memorandum was among the papers which had been left with him by Count Beust, and that it had struck him as being a very able exposition of the true principles on which the Commission de Liquidation should be established.

Observing that the copy of the memorandum which I held in my hand was in print, M. Waddington said that he should like to have a printed copy for himself, and he asked me to get one for him if I could do so without inconvenience.

If your Lordship thinks it proper that this request should be complied with, it might be desirable that I should be furnished with a copy in print, struck off by itself, and not

including the other documents which now appear on p. 11 of the Confidential print,
"Egypt: Finance. Friday, December 5."

I have, &c.
(Signed) LYONS.

No. 1626.

The Marquis of Salisbury to Lord Lyons.

(No. 229.)
(Telegraphic.)

Foreign Office, December 11, 1879.

WITH reference to your despatch No. 1212 of yesterday, have the French any opinion about last Austrian proposals? I am to see Károlyi on Saturday afternoon, and should like to know by then.

No. 1627.

The Marquis of Salisbury to Lord Lyons.

(No. 1470.)

Foreign Office, December 11, 1879.

My Lord,

WITH reference to my telegram No. 223 of the 8th instant, I now inclose, for your Excellency's more complete information, a copy of the communication therein mentioned, which I had received from the French Government, with reference to the refusal of the Greek Government to give its adhesion to the Rothschild Decree.*

I am, &c.
(Signed) SALISBURY.

No. 1628.

The Marquis of Salisbury to Lord Lyons.

(No. 1480.)

Foreign Office, December 11, 1879.

My Lord,

WITH reference to your despatch No. 1212 of yesterday, I should wish your Excellency to ascertain and report to me whether the French Government have formed any opinion respecting the latest proposals made by the Austrian Government on the subject of the finances of Egypt.

I have arranged an interview with Count Károlyi on Saturday afternoon next, and should wish to have your Excellency's report by that date.

I am, &c.
(Signed) SALISBURY.

No. 1629.

Lord Lyons to the Marquis of Salisbury.—(Received December 12.)

(No. 170.)

Paris, December 11, 1879.

(Telegraphic.)

M. WADDINGTON objects to almost the whole of the Austrian proposals respecting Liquidation Commission. I will write details to-morrow.

He intends to state his objections verbally to the Austrian Ambassador to-morrow, but to say that he cannot give any definite answer except in concert with your Lordship.

No. 1630.

Mr. Corbett to the Marquis of Salisbury.—(Received December 12.)

(Telegraphic.)

Athens, December 11, 1879.

WITH reference to my telegram of yesterday, French Minister here is instructed to declare to Greek Government that "his Government, in conjunction with Cabinets of Berlin, Vienna, Rome, and London, associates itself to the declaration recently made by the Khedive's Government which guarantees the equality of treatment claimed by Greek Government for its subjects."

French Minister says he learns from Paris that all the Powers have agreed to make this declaration, and that he has been unofficially informed by the Greek Government that it will in such a case adhere to Decree.

German and Italian Representatives are authorized to make this declaration. Austrian Minister has instructions similar to those conveyed to me in your Lordship's telegram of the 10th instant, and has telegraphed for further instructions.

Does Her Majesty's Government authorize me to make above-mentioned declaration if the four Representatives do so?

No. 1631.

Mr. Malet to the Marquis of Salisbury.—(Received December 12.)

(No. 188.)

Cairo, December 11, 1879.

(Telegraphic.)

THE Controllers-General ask me to send the following from Major Baring, and to request your Lordship to communicate it to French Government:—

"The Egyptian Government, acting under advice of my colleague and myself, informed the Commissioners of Public Debt that they were unwilling, in order to meet a temporary difficulty, to take so extreme a measure as to apply all the money now coming in from the revenues pledged to the bondholders to the payment of the Tribute, although such a course was justifiable, the Tribute being a first charge on all the revenues. The Government limited its demands to the repayment of Moukabala surplus, which under the 1876 Decree should be applied to the service of the Unified Debt. Commissioners declined to repay Moukabala surplus already encashed, amounting to about 20,000l., but agreed to place at the disposal of the Government future encashments to January 1. These it is expected will amount to about 80,000l. 20,000l. were sent home on account of Tribute yesterday, and 15,000l. will follow immediately. Although Finance Minister declines to give any positive assurance as to date of payment in full, every effort shall be made to remit money by January 1.

"(Private and Confidential.)

"The above about the Tribute may, if your Lordship thinks desirable, be communicated to the persons interested. The real difficulty is this—the country is very prosperous on account of exceptionally fine cotton crop, and, under ordinary circumstances, there would be little difficulty in collecting a part of the large arrear of taxes due; but Riaz, knowing that he has all the upper classes against him, is unwilling to adopt measures which would render him unpopular with the people. He pushes this idea rather too far, for it is clear that the violent measures hitherto adopted to collect the taxes cannot be altogether abolished until some more regular system is instituted to take their place.

"Still your Lordship will readily understand that, under the circumstances, we have to proceed with some caution in the advice we give, for the first necessity of our position is not to endanger the existence of the present Ministry."

No. 1632.

The Marquis of Salisbury to Mr. Malet.

(No. 348.)

Sir,

Foreign Office, December 12, 1879.

I HAVE to express to you my approval of the manner in which, as reported in your despatch No. 633 of the 28th November, you have carried out my instructions respecting Prince Halim's claim upon the Egyptian Government.

I am, &c.
(Signed) SALISBURY.

No. 1633.

The Marquis of Salisbury to Mr. Malet.

(No. 349.)

Sir,

Foreign Office, December 12, 1879.

I HAVE received your despatch No. 631 of the 27th ultimo, and with reference to my previous despatch No. 320 of the 18th November, I have to instruct you to impress upon the Egyptian Government the importance of the punctual payment of the interest upon the Suez Canal shares purchased by Her Majesty's Government.

I am, &c.
(Signed) SALISBURY.

No. 1634.

Mr. Corbett to the Marquis of Salisbury.—(Received December 13.)

(No. 274.)

My Lord,

Athens, November 22, 1879.

ON the receipt of your Lordship's telegram of the 20th instant I called on M. Delyanni, and stated that I was instructed by Her Majesty's Government to request that he would authorize the Agent of the Hellenic Government at Cairo to assent to the Rothschild Loan Decree.

His Excellency replied that this Decree of the 18th November had been issued before the Greek Government had any knowledge of it, and they had, therefore, hesitated to instruct their Agent to assent to it, fearing that the rights of the Greek creditors might be prejudiced by the terms of the same, and being unwilling to incur responsibility towards them.

Under these circumstances, their Agent was instructed to express no opinion on the subject, but to maintain a reserved attitude.

I have, &c.
(Signed) EDWIN CORBETT.

No. 1635.

Mr. Corbett to the Marquis of Salisbury.—(Received December 13.)

(No. 280.)

My Lord,

Athens, November 29, 1879.

THE Hellenic Government will hold a Council to-day to discuss and examine the probable results of the adhesion they are pressed to give to the Rothschild Loan Decree.

In the case of the decision being unfavourable, I shall concert with my French and Austrian colleagues in making a collective representation in accordance with the instructions conveyed in your Lordship's telegram of yesterday.

I have, &c.
(Signed) EDWIN CORBETT.

No. 1636.

Mr. Corbett to the Marquis of Salisbury.—(Received December 13.)

(No. 282.)

My Lord,

Athens, November 30, 1879.

THE Representatives of France and Austria, together with myself, had an interview to-day with M. Delyanni, in order to express to him the urgent desire of our respective Governments that the Hellenic Government should adhere to the Rothschild Loan Decree.

His Excellency again replied that the reason for their holding back was the fear of responsibility towards Greek creditors, on which subject the Law Officers of the Crown had been consulted, and that, after their opinion had been examined to-morrow by the Council, he would give his reply.

M. Tissot, the French Minister, read a telegram which he had received from his Government, couched in very strong terms, showing their opinion of the impolicy of the isolated position the Greek Government was assuming in withholding their adhesion, which all the other Powers had already given, to the Rothschild Loan Decree.

Since writing the above the German Chargé d'Affaires has informed me that, on the receipt of instructions from his Government, he had called on M. Delyanni and made a similar representation.

I have, &c.
(Signed) EDWIN CORBETT.

No. 1637.

Mr. Corbett to the Marquis of Salisbury.—(Received December 13.)

(No. 284.)

My Lord,

Athens, December 1, 1879.

THE Hellenic Government have desired their Agent in Egypt to furnish them with information on the subject of the Rothschild Loan Decree, and they expect to be able at the end of this week to give a definite reply.

M. Delyanni states that they are most anxious not to isolate themselves from the rest of Europe.

I have, &c.
(Signed) EDWIN CORBETT.

No. 1638.

Mr. Corbett to the Marquis of Salisbury.—(Received December 13.)

(No. 286.)

My Lord,

Athens, December 2, 1879.

M. CURTOPAORI, the Italian Minister at this Court, informs me that he has received instructions from his Government to join in the representations already made to the Greek Government on the subject of the Rothschild Loan Decree.

I have, &c.
(Signed) EDWIN CORBETT.

No. 1639.

Mr. Corbett to the Marquis of Salisbury.—(Received December 13.)

(No. 289.)

My Lord,

Athens, December 3, 1879.

I HAVE the honour, with reference to my telegram of the 30th November, to inclose copy of a paper which has been communicated to me by M. Delyanni, giving the reasons which prevent the Greek Government from giving their adhesion to the Decree of the Khedive relative to the Rothschild Loan.

As I am ignorant of the circumstances in connection with this affair, I am unable to judge of the validity of the reasons given for the refusal of the Greek Government to join with the other Governments which have accepted the terms of the Decree.

I have, &c.
(Signed) EDWIN CORBETT.

Inclosure in No. 1639.

Memorandum communicated to Mr. Corbett by M. Delyanni.

Raisons qui ont empêché le Gouvernement de Roi de donner son adhésion au Decret du Khédive, concernant les Hypothèques de l'Emprunt Rothschild.

ÉTANT connu et officiellement constaté que des sujets Hellènes en Egypte avaient pris sur les biens domaniaux, affectés à la garantie de l'Emprunt Rothschild, des inscrip-

tions hypothécaires postérieures à celles prises par la Maison Rothschild, le Gouvernement Hellénique ne pouvait méconnaître que son adhésion à l'insaisissabilité et l'inaliénabilité des biens susdits expressément stipulée dans le Décret en question porterait préjudice aux droits acquis de ses nationaux.

2. Étant aussi connu et officiellement constaté que le solde disponible de l'Emprunt Rothschild, quoique expressément réservé au règlement de la Dette Non-Consolidée Égyptienne, ne suffirait pourtant pas à son entière liquidation, et qu'une réduction, au prorata, des créances devrait nécessairement avoir lieu, le préjudice susmentionné des sujets Hellènes, créanciers de la Daïra, ne pouvait être mis en contestation.

3. La lésion des droits acquis Helléniques devant résulter de l'adhésion du Gouvernement Hellénique, celui-ci avait tout lieu de craindre que les parties lésées ne manqueraient point d'intenter contre le fisc Hellénique des actions en dommages et intérêts. Aussi a-t-il hésité d'assumer une pareille responsabilité.

4. La loi fondamentale du royaume stipulant expressément l'assentiment préalable de la Chambre pour tout acte international grevant individuellement des Hellènes, le Gouvernement Hellénique n'a pu se décider à s'en passer, pour donner son adhésion à un changement du droit intérieur en Égypte, qui grevait incontestablement des sujets Hellènes.

No. 1640.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 636.)

Cairo, December 3, 1879.

My Lord,

I LEARN from the Minister for Foreign Affairs that, besides requesting the adhesion to the Rothschild Decree of all the Powers who accepted the Judicial Reforms Convention, his Excellency has notified the signature of it to all the Powers who have Consular Representatives in Egypt, not requesting the adhesion of those Governments which took no part in the judicial reforms, but communicating the Decree to them "à titre d'information." His Excellency hopes by this step to avoid the danger of the subjects of any Power having a preferential position with regard to the prosecution of claims against the Domains before the Tribunals.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1641.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 641.)

Cairo, December 1, 1879.

My Lord,

I WENT to Riaz Pasha on the 29th ultimo, and I said that I had come to his Excellency in order to express to him the surprise of Her Majesty's Government at hearing that he had said that the Tribute would not be paid when it became due. I said to his Excellency that the Tribute was a first charge on the whole revenues of Egypt, and that, therefore, no excuse for its non-payment could be valid.

His Excellency replied by giving various reasons for the inability to pay, such as all the taxes which were due for the year having been collected, and the great difficulty of even paying the Administration. I remarked that there were large arrears of taxation, of which a part ought to be recovered in a prosperous year like the present; but I added that it was not for me to suggest the means; my duty was confined to pointing out to him the great injury which would be inflicted upon Egyptian credit if the Tribute were not paid, and I added that I believed that it could be paid, and that I would request his Excellency to go into the matter more closely.

His Excellency said that he also now thought that the Tribute would be paid before the end of the year—he could not promise it, but he authorized me to say to your Lordship that that was his expectation, and that he sincerely believed it to be well founded.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1642.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 645. Political. Very Confidential.)

My Lord,

Cairo, December 2, 1879.

I HAVE the honour to transmit herewith very confidentially to your Lordship a copy of a memorandum which Major Baring has been so good as to draw up for me, recording the commencement of his labours as Controller-General.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1642.

Memorandum by Major Baring.

(Private.)

I HAD my first business interview with the Khedive this morning. M. de Blignières and I took to him a draft Report which we were about to send him officially, to ask him privately for any observations he might have to make. We wished to see, before committing ourselves officially, whether there was anything in the Report which might be displeasing to him.

The Report dealt with the general line of action which the Government should adopt in respect to arriving at a solution of existing financial difficulties. We discussed with him the various points at issue. Some—notably those raised by the question of the mortgaged creditors—were of a technical nature, and far from easy to understand for any one not accustomed to deal with affairs of this sort.

I think the Khedive appeared to understand them fairly well. He seemed pleased with our Report, and offered no objections whatever to accepting all that we propose.

We suggested that he should preside at the Council of Ministers when the Report came under discussion. He willingly accepted our suggestion, and promised to call a Council for to-morrow.

On the whole, I left him with a decidedly favourable impression.

Of course this is merely a first inspection, subject to future modifications. After the meeting of the Council to-morrow, I shall perhaps be able to form a somewhat more definite opinion of how the whole machine will work, but I think I may even now safely say that, for the present, at all events, the Khedive is animated with good intentions. It is a pleasure to deal with him after having dealt with his father.

I should add that De Blignières' manner was most conciliatory, and that he is fully impressed with the necessity of putting forward the Khedive and maintaining his authority.

2. I shall have no difficulty from the French in keeping Fitzgerald at the head of accounts. This is desirable, as, if a Frenchman is put there, it might pave the way for a French Finance Minister.

3. Also Blignières fully accepts the fact that an Englishman must be at the head of the Customs. He spoke to me to-day about finding a man. He agrees with me that Scrivenor must be sent away. He goes even further than I do in supporting Shee, and thinking that his services should be retained in a subordinate place.

I cannot yet say whether Riaz will raise great difficulties to nominating a European in Scrivenor's place. He evidently does not like it, but I think will yield eventually. I am not at present pressing him too hard on the points. He wants to send away Shee, but has promised to wait until Blignières has read the Report.

4. I think I shall get De Blignières to go with me in reducing the rate of interest on the Unified Debt to 4 per cent.

5. The Caisse have consented to read the words "le concours des Puissances" in the Rothschild Decree as meaning only the five Powers who co-operated in making the Decree. If they had adopted the reading that all the Powers who took part in the institution of the Tribunals was intended, further difficulties and delays would have been caused. In arriving at this solution the English and French Debt Commissioners have been of great help.

6. It has been decided to pay almost all the mortgaged creditors at once. We are about to communicate again with Rothschild as to the payment of the Caisse a sum sufficient to pay them. On this point I earnestly beg that the Greek Government may be further pressed to adhere to the Decree without delay.

7. We are now going into the question of the payment of the Tribute; but there is so much to do that we must beg all concerned to have a little patience. It is really only a temporary difficulty, and will soon be settled.

8. On the whole, I think the start has been favourable. If we can only sit tight for six months, I believe we may pull the thing through. The critical time is the next two or three months. I devoutly hope that during that time there will be no change of Ministry, or any unexpected event such as so often happens in the East to upset everything and to oblige a new beginning to be made.

(Signed) E. BARING.

November 30, 1879.

No. 1643.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 647. Political.)

Cairo, December 3, 1879.

My Lord,
M. DRAGOUMIS, the Greek Agent and Consul-General, has received instructions by telegraph from his Government to furnish them with a complete list, including all nationalities, of "inscriptions hypothécaires" prior and subsequent to the 2nd and 3rd February, taken out against the domains mortgaged as guarantees of the Rothschild Loan.

M. Dragoumis informs me that the Egyptian Government has promised to furnish him with the information requested by the Greek Government by this evening.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1644.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 649. Political.)

Cairo, December 3, 1879.

My Lord,
I HAVE the honour to inform your Lordship that the Report of the Controllers-General to the Khedive, of which I transmitted a copy to your Lordship in my despatch No. 637, Political, of the 1st instant, was published in the "Moniteur Egyptien" yesterday.

The "Moniteur" is published at Alexandria, and only reaches Cairo the day after publication. I mention the fact in order to account for the despatches from the Agency giving the news which is contained in the "Moniteur" of the previous day, which might create the erroneous impression that twenty-four hours are allowed to pass without the contents of the official newspapers being attended to.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1645.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 650. Political.)

Cairo, December 3, 1879.

My Lord,
I HAVE the honour to inclose a copy of the Monthly Statement of the Commissioners of the Public Debt, as published in the "Moniteur Egyptien" of the 2nd instant.

The amount received towards the payment of the next coupon of the Unified Debt in May 1880 is, between the 1st and the 30th November inclusive, 137,020l.

The total production of the Moukabalah for 1879 to the 30th ultimo was 1,053,745l., of which 912,576l. 10s. have been employed in paying the interest and sinking funds of the Debts of 1864, 1865, and 1867, leaving a balance of 141,168l. 10s.

The railways and port of Alexandria have yielded a total of 147,000l. to the 30th November.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1645.

Extract from the "Moniteur Egyptien" of December 2, 1879.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE D'ÉGYPTÉ.

États Mensuels au 30 Novembre, 1879, des Sommes Versées à la Caisse de la Dette Publique.

État No. 1.—DETTE Unifiée. Échéance du 1^{er} Mai, 1880 (Intérêts et Amortissement), montant à 1,988,095l.

Désignation des Provinces et Administrations dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes Versées du 1 ^{er} au 30 Novembre, 1879.	Sommes Versées	Totaux
	Prs. p.	Prs. p.	Prs. p.
Province de Garbieh	133,454 14	..	..
" Menoufieh	11,781 08	..	..
" Béhéra	55,014 10	..	..
" Siout	800,706 10	..	..
Octrois du Caire	1,288,220 36	..	..
" d'Alexandrie	763,533 10	..	..
Douanes	6,366,465 15	..	..
Droits des Tabacs	730,598 03	..	..
Revenus du Sel	404,557 36	..	..
Fermage de Matarieh	463,365 17	..	..
Ecluses et Droits de Navigation sur le Nil	209,936 15	..	..
Pont de Kasr-el-Nil	223,655 24	..	..
	11,451,288 38	..	..
Disponible au 30 Octobre	1,908,168 32	..	..
	13,359,457 30	..	..
	Soit, £137,020	..	..

État No. 2.—EMPRUNTS 1864—1865—1867.

Semestrialités déjà Payées.	Semestrialités restant à Payer.
Intérêts et amortissement—	Intérêts et amortissement—
8 Janvier, 1879	8 Janvier, 1880
1 ^{er} Avril, " .. .. .	.. .. .
22 Mai, " .. .. .	.. .. .
7 Juillet, " .. .. .	.. .. .
1 ^{er} Octobre, " .. .. .	.. .. .
22 Novembre, " .. .. .	.. .. .
912,576 10	152,073 0

Désignation des Provinces.	Sommes Versées du 1 ^{er} au 30 Novembre, 1879.	Sommes Versées du 1 ^{er} Janvier au 31 Oct., 1879.	Totaux au 30 Nov., 1879.
	Prs. p.	Prs. p.	Prs. p.
Produit de la Moukabalah—			
Kineh	343,518 26	5,189,605 12	5,533,123 38
Isneh	10,885 25	990,639 08	1,001,524 33
Ghirgeh	1,848,276 26	8,066,034 27	9,914,311 13
Minieh	150,000 00	3,164,716 16	3,314,716 16
Fayoum	261,273 26	1,636,737 09	1,898,010 35
Benisouef	267,599 03	3,184,268 18	3,451,867 21
Ghizeh	..	3,675,265 25	3,675,265 25
Siout	..	11,299,700 35	11,299,700 35
Garbieh	4,316,022 10	14,834,588 38	19,150,611 08
Menoufieh	3,860,188 10	10,453,970 22	14,314,158 32
Béhéra	400,000 00	4,181,844 27	4,581,844 27
Charkieh	309,425 35	8,702,856 37	9,012,282 32
Dakablieh	320,406 24	9,060,541 36	9,380,948 20
Gallioubieh	136,815 00	6,053,337 21	6,190,152 21
Gouvernorat de Rosette	8,531 20	13,129 32	21,661 12
	12,232,943 05	90,507,238 03	102,740,181 08
		Soit	£1,053,745 0
Sommes employées pour les semestrialités des 8 Janvier, 1 ^{er} Avril, 22 Mai, 7 Juillet, 1 ^{er} Octobre, et 22 Novembre, 1879 .. .. .	.. .. .	.. .. .	912,576 10
Reste disponible .. .. .	.. .. .	.. .. .	141,168 10

État No. 3.—DETTE PRIVILÉGIÉE. Echéance du 15 Avril, 1880 (Intérêts et Amortissement),
montant à 442,872*l*.

Désignation des Administrations dont les Revenus sont affectés à la Dette Priviliée.	Sommes Versées du 1 ^{er} au 30 Nov., 1879.	Sommes Versées du 15 au 30 Nov., 1879.	Totaux au 30 Nov., 1879.
	Prs. p.	Prs. p.	Prs. p.
Chemins de fer	10,725,000 00	3,607,500 00	14,332,500 00
Port d'Alexandrie .. .. .	.. .. .	.. .. .	.. .. .
	10,725,000 00	3,607,500 00	14,332,500 00
			Soit, £ 147,000

Les Commissaires-Directeurs de la Caisse de la Dette Publique,
(Signé) A. DE KREMER.
P. BARAVELLI.
V. BELLAIGUE DE BUGHAS.
A. COLVIN

Pour copie conforme:
Le Contrôleur,
(Signé) W. Moq.

Le Caire, le 1^{er} Décembre, 1879.

No. 1646.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 654. Political. Confidential.)

Cairo, December 6, 1879.

My Lord,
NUBAR PASHA returned to Egypt on the 27th ultimo, and has been received in audience by the Khedive.

His Highness told me that he had received Nubar Pasha in a perfectly friendly manner, but that he had intimated to him that he wished him to devote himself to his own affairs, and not to busy himself with politics. If he remained quiet he would not be molested in any way.

His Highness added that in order that Nubar Pasha might understand this thoroughly he had sent one of his Aides-de-camp to him after the audience, with instructions to repeat the injunction.

Nubar Pasha has indeed assured me that he intends to restrict himself to the management of his estates, and to leave politics alone. It is better that he should do so for the present, as the Khedive does not like him, and were he by intrigue to force himself into power, his tenure of it would be insecure; whereas, if he gains the confidence of the Khedive by his conduct for the next few months, he will be in a firmer position when the force of events compels the Khedive to seek the services of a man of greater ability than Riaz Pasha to conduct the Ministry.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1647.

Mr. Malet to the Marquis of Salisbury.—(Received December 13.)

(No. 656. Political.)

Cairo, December 6, 1879.

My Lord,

M. MONGE informed me yesterday that M. Waddington had telegraphed to say that the Greek Government had informed him that they would declare their adhesion to the Rothschild Decree if the French Government would assure them that Greek subjects who had taken out "inscriptions hypothécaires" on the Domains subsequent to the 3rd February would be treated in the same manner as French subjects in a like position.

M. Waddington had replied that the manner in which claims of such persons was treated depended upon the Egyptian Government.

The Egyptian Government having been informed of the message by M. de Blignières, experienced no difficulty in giving the required assurance; and M. Monge said that Mustapha Pasha Fehmy had written to M. Dragoumis, Greek Agent and Consul-General, to say that the claims of persons of all nationalities would be treated alike, and that, consequently, Greeks and Frenchmen would be upon the same footing.

I have since learnt that as the message was sent by M. Waddington to M. de Blignières, the Minister for Foreign Affairs considered that he could not take official notice of it, and that his letter to M. Dragoumis was in an unofficial form.

I have, &c.
(Signed) EDWARD B. MALET.

No. 1648.

Sir A. Paget to the Marquis of Salisbury.—(Received December 13.)

(No. 467.)

Rome, December 9, 1879.

My Lord,

DURING a visit which I paid to my French colleague three days ago he mentioned that he had the day before been informed by M. Malvano that the Italian Government would not recognize or take part in the Commission of Liquidation in Egypt unless it were invested with powers of control. The Marquis de Noailles added that he had expressed himself with some energy to M. Malvano upon this subject, dwelling on the serious consequences which might ensue from persistence in such a course.

I said that I was much astonished at the information which he had received, for that the last time I had spoken to Count Maffei (about a fortnight before) in regard to the financial arrangements in Egypt, he had certainly given me to understand that, the Decree instituting the Commission of Control having been signed and promulgated, the Italian Government was resigned to the situation, and did not intend to pursue further their claims to having a share in the Control.

I determined on seeking an early opportunity of speaking with the President of the Council, Minister for Foreign Affairs, upon this subject, and I therefore called upon him the day before yesterday.

I related what had been told me by the French Ambassador, and I asked his Excellency if it were correct.

M. Cairoli began by reverting to the rights, so frequently urged, of Italy to be effectively represented, on an equal footing with England and France, in the Administration of Egypt—rights, he contended, which had been admitted in principle by your Lordship last year, and again in recent conversation with General Menabrea. The Italian Government, his Excellency said, was now acting with the Governments of Austria and Germany, and he was not aware that any definitive reply had been given to their demand to have a share in the Control.

His Excellency went on to say that the Commission of Liquidation, in which these Powers were to be represented, regarded only the past, and, unless they were associated in the Control, they would have no security or guarantee for the future interests of their countrymen. The powers accorded to the English and French Commissioners were so extensive that their action would be decisive in all matters connected with the Egyptian Administration, in which the interests of all other foreigners might be compromised.

I reminded M. Cairoli that the Commission of Control was no new institution—it was simply the revival or rather the giving effect to one which already existed since 1876. It had not at present any Administrative powers, but only the right of searching investigation and supervision; and it was, therefore, impossible to speak respecting it as if it was now a question, as it had been last year, of creating an Administration in which foreigners were to be admitted. The English and French Commissioners were there, I said, to exercise a check upon the native Government; they were charged with the protection of no special interests, but would exercise their power for the general welfare of the country, and, consequently, for the general interests of all creditors, of all denominations and all nations, by insuring good government, preventing useless and unnecessary expenditure, the incurring of fresh debts, &c. The powers of the Commissioners had been made extensive for the express purpose of enabling them to interfere authoritatively and effectively. The Decree had been signed and promulgated, and it was, therefore, hopeless to think it would now be altered.

What did the Italian Government, I inquired, expect to gain by persisting in their present course of declining to recognize or take part in the Commission of Liquidation? Had his Excellency, I further asked, reflected upon what the consequences might be if, through the action of the Italian Government, the present prospect of a financial arrangement should fall through? It was very well, I said, to speak of Italy acting in concert with Austria and Germany, but it was very well known, or at least generally believed, that it was mainly owing to Italy that the other two Powers had taken the line they had done; and, it being notorious how Italy had been incessantly urging her claims in regard to Egyptian affairs, his Excellency must not be surprised if the Italian Government was held mainly responsible by the English and French Governments and creditors if a liquidation could not now be effected; and, as a sincere friend of Italy, I felt bound to say that her action would be considered by them as unfriendly, if not hostile. I also begged his Excellency to consider whether even Italian creditors would thank him for thwarting arrangements by which all claims would be fairly dealt with, and failing which they might possibly end by receiving nothing. His Excellency, I said, would, I hoped, excuse me if I ventured to say that the conduct of Italy in regard to the present business appeared to me to be attributable more to an erroneous feeling of *amour-propre* than to any serious motive.

M. Cairoli replied to the latter observation by saying that it appeared to him not a question of *amour-propre*, but rather of decorum. No one could deny the important interests which Italy had in Egypt, both on account of the amount of Italian capital engaged in that country and her position as a Mediterranean Power. She had taken an active part in the elaboration of the judicial reforms, one of her most distinguished statesmen, Signor Sciolaja, had been originally engaged in her financial reforms. It was hardly to be expected, therefore, that she could quietly submit to being set aside in the way in which she had been hitherto, and in which it was still intended she should be. What was he to say before the Chambers? I had, his Excellency observed, been myself present, last year, when Count Mamiani had addressed the Senate on this question. There was not a politician, no matter to what party he belonged, who did not feel that Italy had been humiliated. Look at the tone of the press; whatever its divisions might be on other subjects, it was at least unanimous in urging the Government to maintain the rights of Italy in regard to Egypt. How was he to face Parliament after abandoning these rights?

I replied that I could not but believe that when it should be made clear that, by causing the failure of the Commission of Liquidation, the Italian Government would be

sacrificing the best hope of the claims of Italian creditors being fairly dealt with, the majority of his Excellency's countrymen would acknowledge that the Government had done wisely in not pushing matters to extremes.

I am not sanguine enough to suppose that what I said in this interview will have the effect of changing Italian policy in regard to the matter in question, but it appeared to me that my arguments, as above reported, produced a certain momentary impression, especially that which relates to the effect upon the interests of Italian creditors, if the Italian Government, by continuing their opposition, should prevent the operation of the Commission of Liquidation.

I must not omit to mention that M. Cairoli disclaimed, in very positive language, that the Italian Government had been instigating the Austrian and German Governments in this question; and his Excellency expressed himself, as usual, as most desirous to avoid any cause of misunderstanding with England.

I have, &c.
(Signed) A. PAGET.

No. 1649.

Lord Lyons to the Marquis of Salisbury.—(Received December 13.)

(No. 1215.)

My Lord,

Paris, December 12, 1879.

M. WADDINGTON asked me to go and see him yesterday afternoon, in order that he might speak to me on the subject of the communication he had received from Austria with respect to the Commission de Liquidation which it is proposed to establish in Egypt.

Immediately after the interview which I had with him in consequence, I reported to your Lordship, by telegraph, that M. Waddington objected to almost the whole of the modifications proposed by Austria in the English and French draft Decree; and that he intended to state his objections verbally to Count Beust, the Austrian Ambassador, to-day, but at the same time to say that he could not give any definitive answer to the Austrian communication until he had come to an agreement on it with your Lordship.

I now proceed to record, to the best of my recollection, the detailed observations made to me by M. Waddington.

The papers which had been communicated to his Excellency appeared to consist—

1. Of a despatch from Baron Haymerle to Count Beust, giving—more fully, and with some additions—explanations similar to those contained in the abstract received by your Lordship from Count Károlyi, and communicated to me in your Lordship's telegram of the 8th instant.
2. Of a counter-draft of a Decree, or rather a project for an arrangement between foreign Governments, respecting the powers and functions of the proposed Commission de Liquidation.
3. Of a copy of the memorandum sent by your Lordship to Count Károlyi on the 18th of last month.

M. Waddington began by observing that he had one general objection to almost the whole of the changes suggested by Austria in the draft Decree submitted by the French and English Governments. In fact, it appeared to him that the object of nearly the whole of these suggestions was to make the Commission de Liquidation an instrument for establishing an international control over the Egyptian Government, and consequently to render it a permanent institution, or, at all events, to make it last for an indefinite time.

M. Waddington proceeded to comment in detail on the Austrian suggestions, referring, as he did so, to the French and English draft Decree, of which he held a copy in his hand:—

(a.) As to the preamble of that draft Decree:

The Austrians proposed to omit it altogether. M. Waddington thought, on the contrary, that it was important to preserve the "*considérants*" which it contained, and especially the reference to the Report of the Commission d'Enquête. He regarded this reference as necessary in order to maintain the continuity of the proceedings of the Governments respecting the Egyptian loans.

(b.) The exception of the Domainial or Rothschild Loan, contained in Article 1 of the Anglo-French draft:

[1260]

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The Austrians suggested that this exception had become unnecessary, because the question of the Rothschild Loan had been settled already by a Decree accepted by the Powers. M. Waddington, however, thought that the question of omitting altogether any explicit withdrawal of the Rothschild Loan from the powers of the Commission was not to be decided without careful consideration.

(c.) The Austrian proposal that the Commission should take a certain part in settling the normal Budget of Egypt:

M. Waddington was of opinion that all that could be safely conceded on this point was already expressed in the 2nd Article of the Anglo-French draft. This Article gave the Commission the right to fix the resources which could be placed at the disposal of the creditors, allowance being made for the necessary expenses of the Government; but M. Waddington strongly objected to the proposed intervention of the Commission in settling the details of the Egyptian Budget.

(d.) The relations between the Commission de Liquidation and the Controllers:

The Austrians proposed to establish a "lien organique" between the Commission and the Controllers, and they grounded this proposal on observations stated to have been made by M. Waddington himself. Now all M. Waddington had said was that the Controllers should communicate freely with the Commission and give it all necessary information. He was still of this opinion, and although he objected entirely to establishing anything like a "lien organique," he was quite willing to admit, as a satisfaction to Austria, that the Controllers should be bound to furnish the Commission with such information and such documents as were necessary for the accomplishment of its mission. He must, however, insist positively upon the limitation expressed in the words "nécessaires pour l'accomplissement de sa mission."

(e.) The right of the Commission to superintend in a certain degree the execution of the measures prescribed by it:

This proposal M. Waddington regarded as wholly inadmissible. Its tendency was both to prolong the duration of the Commission, and to give it a control over the Egyptian Administration. The further proposal that the superintendence was to be exercised in agreement with the Controllers-General was so far from being a security that it appeared to M. Waddington simply to establish very inconvenient relations between the Controllers and the Commission. The duty of seeing to the execution of the decisions of the Commission would, in M. Waddington's opinion, belong to the Consular and Diplomatic Representatives of the several Powers, and it was through its ordinary Representative that each Power should communicate with the Egyptian Government on the subject.

(f.) The Commission d'Enquête:

Reverting to this matter, M. Waddington said that he could not agree with the Austrians in thinking that the Report of this Commission ought to be entirely set aside. Baron Haymerle spoke in very disparaging terms of this Commission, and indeed seemed to M. Waddington to have forgotten that there had been an Austrian member of it.

(g.) The Commission de Liquidation to have the right of settling questions affecting all the Powers, which would otherwise require negotiations between the Governments:

The Austrians stated that this suggestion was founded on your Lordship's memorandum of the 18th November. The passage to which they referred in the memorandum was, M. Waddington supposed, the following:—

"Whether it would be possible to invest the persons who constitute the Commission de Liquidation, or any other body of foreign Representatives in Egypt, with authority on behalf of the Powers to recommend and sanction necessary modifications in the Code administered by the Tribunals without a formal negotiation on each occasion, is a question well worthy of serious consideration. We will not discuss it at length until we know whether it is in this or any similar direction that the suggestions of the Austro-Hungarian Government are intended to point. Nor should we feel ourselves justified in expressing a definite opinion upon it till we had had the opportunity of knowing the feelings of other Powers."

Having read to me this passage from your Lordship's memorandum, M. Waddington proceeded to say that he entirely agreed with your Lordship in thinking that it was well worthy of consideration whether some less cumbrous machinery than diplomatic negotiations between all the Powers might not be devised for the purpose of amending from time to time the Egyptian Codes. He begged me, however, to state very clearly to your Lordship his opinion that it was very desirable to keep this question entirely distinct from the Commission de Liquidation.

M. Waddington begged me to communicate fully to your Lordship the views he had expressed. I said that I would do so to the best of my ability, but that he must consider that he was leaving me only my memory to trust to, and that I was not in possession of the

two documents (the despatch from Baron Haymerle to Count Beust and the Austrian counter-draft), which he had made the tests of his observations.

He replied that he had no doubt that I should give your Lordship a correct idea of what he had said, and he begged me to express his desire to receive an equally full and frank statement of your own views.

He added that he was to have an interview with Count Beust the next day (to-day), that he should state to him verbally the objections he had just stated to me, but should say that he must decline to give any definitive or written answer to the Austrian communication until he had come to an understanding with your Lordship.

He should, he said in conclusion, repeat distinctly to Count Beust that the French Government could never consent to the Commission de Liquidation becoming a permanent body, or to its exercising any authority over the French and English Controllers.

I have, &c.
(Signed) LYONS.

No. 1650.

The Marquis of Salisbury to Mr. Malet.

(No. 101.)

(Telegraphic.)

Foreign Office, December 13, 1879, 3.45 P.M.

THE first portion of your telegram No. 188 has been sent to Lord Lyons for communication to French Government.

No. 1651.

*The Marquis of Salisbury to Mr. Corbett.**

(Telegraphic.)

Foreign Office, December 13, 1879, 4.30 P.M.

YOU may make a declaration in the sense of my telegram of the 10th instant, and add these words:—

"Her Majesty's Government will use their influence with the Egyptian Government, or any other authority charged with this matter, to induce it to act on the above view."

No. 1652.

The Marquis of Salisbury to Lord Lyons.

(No. 1484.)

My Lord,

Foreign Office, December 13, 1879.

I INCLOSE herewith a telegram from Mr. Malet, forwarded at the request of the Controllers-General, stating that the Egyptian Government are not prepared, in order to meet a temporary difficulty, to apply the total revenue now coming in, pledged to the bondholders, to the payment of the Tribute; but announcing the dispatch of 20,000*l.* to meet this charge, and that a further sum of 15,000*l.* will follow.†

The Controllers-General having requested that this telegram may be communicated to the French Government, I have to beg that your Excellency will be good enough to forward a paraphrase of it to M. Waddington, with an intimation to the above effect.

I am, &c.
(Signed) SALISBURY.

No. 1653.

The Marquis of Salisbury to Mr. Corbett.

(No. 117.)

Sir,

Foreign Office, December 13, 1879.

IN reply to the inquiry contained in your telegram of the 11th instant, I have authorized you to make a declaration to the Greek Government in the sense of the instructions already sent to you on the 10th instant, to the effect that all foreign creditors of the Egyptian Government should, in the opinion of Her Majesty's Government, be

* Repeated to Berlin, Vienna, and Cairo.

† No. 1631.

treated alike, without reference to their nationality, and consequently that Greek creditors, as such, ought to be treated on a par with French creditors, as such.

You have further been informed that you should add the following words to the above declaration:—"Her Majesty's Government will use their influence with the Egyptian Government, or any other authority charged with this matter, to induce it to act on the above view."

I am, &c.
(Signed) SALISBURY.

No. 1654.

Lord Tenterden to Sir G. Elliot.

Sir, Foreign Office, December 13, 1879.
I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 6th instant, containing observations upon the affairs of Egypt, and I am now to convey to you his Lordship's best acknowledgments for this interesting communication.

I am, &c.
(Signed) TENTERDEN.

No. 1655.

Mr. Malet to the Marquis of Salisbury.—(Received December 14.)

(No. 189.)
(Telegraphic.)

Cairo, December 14, 1879.

THE Minister for Foreign Affairs has received a despatch this morning from the Greek Agent and Consul-General announcing the adhesion of his Government to the Rothschild Decree.

No. 1656.

Mr. Corbett to the Marquis of Salisbury.—(Received December 15.)

(No. 293.)

My Lord,

Athens, December 6, 1879.

WITH reference to my despatch No. 289 of the 3rd instant, I have the honour to inclose a copy of a private letter from M. Delyanni to M. Tissot, which the latter has communicated to me, giving in detail the reasons why the Greek Government cannot adhere to the Decree of the Khedive relative to the Rothschild Loan.

I do not think the Greek Government will accept the Decree unless they can obtain positive guarantees for the creditors of their nation.

I have, &c.
(Signed) EDWIN CORBETT.

Inclosure in No. 1656.

M. Delyanni to M. Tissot.

Mon cher Ministre,
ME conformant au désir que vous avez bien voulu m'exprimer hier, de connaître aussitôt que possible la décision du Gouvernement Royal au sujet de la question Egyptienne, je m'empresse de vous faire la communication suivante:

Le Conseil des Ministres, s'étant réuni ce matin, a examiné de nouveau l'affaire du Décret du Khédivé. Il a relevé, dans un télégramme de notre Agent Politique à Alexandrie, parvenu hier, que les inscriptions hypothécaires Helléniques prises sur les biens domaniaux, après celle de la Maison de Rothschild, représentent la somme de 240,000L. tandis que les inscriptions Françaises de la même catégorie sont de 80,000L., les Anglaises

Ce Vendredi, 23 Novembre 1879.
6 Décembre,

d'une somme égale, les Italiennes de 60,000L., les Russes de 11,000L., et les Autrichiennes de 1,000L. seulement. Le Conseil des Ministres y a relevé aussi que le solde disponible de l'Emprunt Domanial fera à peine face aux créances inscrites avant l'inscription Rothschild, et que, par conséquent, les inscriptions postérieures à celles-ci n'ont qu'une chance très-faible d'être satisfaits par le reliquat à verser de l'emprunt de MM. de Rothschild, d'autant plus que, d'après la déclaration officielle du Ministre des Affaires Etrangères d'Egypte à M. Delyanni:—

"Les employés et les pensionnaires du Gouvernement Egyptien auxquels des arriérés sont dus forment partie des créances de la Dette Non-Consolidée, et seront traités conformément au principe établi par la Commission d'Enquête."

Le Conseil a aussi relevé dans le Rapport, que la Commission des Jurisconsultes convoquée *ad hoc* a soumis au Gouvernement, hier au soir, que l'avis de la majorité, c'est-à-dire des professeurs de l'Université Nationale, MM. Calligas, Papporhigopoulo, et Psaras, n'admettent point que le Gouvernement Hellénique puisse, conformément aux dispositions de la loi fondamentale, donner son adhésion au Décret du Khédivé, et que dans le cas où il le ferait, il ne manquerait pas d'encourir une responsabilité civile vis-à-vis de ses nationaux, qui seraient lésés par les stipulations du Décret Egyptien en question. Une partie de la minorité de la Commission a même soutenu qu'une adhésion du Gouvernement Hellénique, qui n'aurait pas obtenu l'assentiment préalable du pouvoir législatif, n'aurait aucun effet et serait assurément considérée comme nulle et non avenue, même par les Tribunaux Mixtes de l'Egypte.

Or, dans ces conditions-là, et après avoir mûrement étudié la question, le Gouvernement du Roi a cru que son désir exprimé dans la lettre que j'ai eu l'honneur de vous adresser le 20 Novembre (2 Décembre), d'obtenir du Gouvernement Français pour les Hellènes porteurs d'inscriptions hypothécaires postérieures à celle de la Maison Rothschild protection égale à celle dont jouiront les créanciers Français de la même catégorie, que ce désir, s'il était favorablement accueilli par le Gouvernement de la République, tout en laissant à découvert la responsabilité civile du Gouvernement, prouverait au moins que le Gouvernement Hellénique a fait tout son possible pour sauvegarder les droits et les intérêts de ses nationaux, menacés d'anéantissement complet, par les dispositions du Décret. Le Gouvernement Royal n'a jamais supposé qu'il fût possible au Gouvernement Egyptien de statuer officiellement un traitement inégal entre les créances de nationalité différente; aussi n'a-t-il point cru nécessaire de demander la garantie du contraire au Gouvernement Egyptien. Mais il a pensé, comme il le pense encore, que la protection puissante de la France, son action diplomatique et son influence incontestable dans les affaires de l'Egypte, pourraient, étant favorables à la cause de nos créanciers, sauvegarder leurs intérêts beaucoup plus efficacement que ne saurait le faire l'attitude officiellement correcte du Gouvernement du Khédivé et le crédit de la Grèce en Egypte.

Voici les raisons pour lesquelles le Gouvernement Royal a demandé au Gouvernement Français l'engagement dont il est question dans ma lettre du 20 Novembre (2 Décembre), et pour lesquelles aussi le Conseil des Ministres a trouvé, dans sa séance d'aujourd'hui, que la réponse de son Excellence M. Waddington, contenue dans son télégramme du 3 courant, n'était point favorable à sa demande, ni ne pouvait être regardée comme offrant la garantie désiré.

Aussi le Conseil des Ministres, inspiré toujours du désir d'être agréable à la France, et s'étant pour cette cause décidé à adopter une combinaison qui lui permet de s'écarter d'une ligne de conduite indiquée par la loi fondamentale et par la stricte conscience de ses devoirs envers ses nationaux, a cru ne pouvoir abandonner cette combinaison à moins d'encourir non-seulement une responsabilité civile vis-à-vis des Hellènes d'Egypte, mais aussi bien une responsabilité morale envers la nation, et une autre politique non moins sérieuse vis-à-vis de la Chambre Hellénique.

Tout à vous, &c.
(Signé) THÉODORE P. DELYANNI.

No. 1657.

Sir H. Elliot to the Marquis of Salisbury.—(Received December 15.)

(No. 788.)

Sir,

Vienna, December 9, 1879.

I SPOKE to-day to Baron Haymerle of the difficulty made by the Greek Government about recognizing the Khedive's Decree respecting the Rothschild Loan, and asked if he would not use his influence at Athens to put an end to this hesitation.

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He said that a similar request had been made to him by the French Government, and he had already telegraphed to Count Dubsky to assure the Greek Government that there was no possible ground for the fear they expressed that Greek subjects in Egypt would be treated differently from those of France, or of any other country, as all would necessarily be on a footing of the most perfect equality.

The Austrian Minister was further instructed to represent how unwise it would be for Greece at this moment to run counter to the wishes of England and France, and to dwell upon the political considerations that ought to make King George's Government pause before it assumed an obstructive policy in a matter on which the two Western Powers are intent.

I have, &c.
(Signed) HENRY ELLIOT.

No. 1658.

Sir H. Elliot to the Marquis of Salisbury.—(Received December 15.)

(No. 790. Confidential.)
My Lord,

Vienna, December 9, 1879.

I HAD been under the apprehension that one of the principal difficulties to be met with in coming to an agreement with the Austrian Government upon the proposed Egyptian Liquidation Decree would be found in the permanent character with which there seemed here to be a disposition to invest it; but the language of Baron Haymerle to-day, when I spoke of the objections that would certainly be made if this was attempted, was very satisfactory and reassuring.

He said that he had avoided touching upon the question of the duration to be given to the proposed Commission, as there was no necessity for his doing so.

As a matter of personal opinion he did not expect it to be found that the Commission would very quickly accomplish its task, and he further believed that it would be found so beneficial that all parties would be desirous for its continuance.

It would be impossible to lay down beforehand when it should expire, and there was no reason, he said, why Her Majesty's Government should wish for this to be fixed, as it would always lie with themselves or with the French Government to terminate the existence of the Commission by the simple withdrawal of the British and French members of it whenever they considered the proper moment come.

I have, &c.
(Signed) HENRY ELLIOT.

No. 1659.

Lord Odo Russell to the Marquis of Salisbury.—(Received December 15.)

(No. 596.)
My Lord,

Berlin, December 9, 1879.

M. DE RADOWITZ, in speaking to-day of the reasons put forward by the Greek Government for declining to accept the Rothschild plan in Egypt, told me that, at the invitation of M. Waddington, the German Government had joined with that of France to try and remove, both at Athens and at Cairo, the impressions which caused the Greek Government to hesitate about accepting the Decree of the Khedive.

I have, &c.
(Signed) ODO RUSSELL.

No. 1660.

Memorandum by the Marquis of Salisbury on the Austro-Hungarian Project of Egyptian Liquidation.

COMPARING the Project left by Count Károlyi with me on the 8th December with the Project agreed to between the French and English Governments on the 14th October, the following differences appear to be the most important:—

1. The new Project omits the preamble. To this omission there seems a very considerable objection.

In the first place, the preamble recites the connection between the present Decree and the various acts of Egyptian legislation which have preceded and led up to it. This history is the record of the Anglo-French predominance, and the two Governments have an interest that that record should not be left out of sight. Further, the preamble speaks of the Powers as having already agreed on the declaration that they will accept beforehand the decisions of the Liquidation Commission. The omission of this reference throws an unfavourable light upon an expression in the Project itself which will be noticed further on.

2. The words in the 1st Article of the October Project, "after having heard the observations of the interested parties," have been omitted. I know not whether this omission is accidental or not; but we attach considerable importance to the judicial character of the Liquidation Commission, and it seems to us an essential part of the judicial character that they should, before deciding, give sufficient hearing to what any creditor has to advance in support of his own special claims.

3. The new Project omits all reference to the Commission of Inquiry. As far as the opinion of Her Majesty's Government is concerned, this omission would not appear material, but it is a matter on which we hold ourselves bound to the French Government, and we will support the view they take in respect to it.

4. The new Project has the words, "The Commission will examine the ordinary Budget which will be presented to it, and through the Controllers-General will submit its observations to the appreciation of the Government." I find this provision very difficult to understand. If it merely means the particular Budget of the year in which the Commissioners are sitting, I do not see any harm in it. In fact, the Budget of that year and the Budget of some years before will be a portion of the information which must necessarily be laid before the Commission in order to enable it to perform the task of determining the sums that are indispensable to assure the regular conduct of public business, which both Projects are agreed that it must discharge. For this purpose it ought to have the fullest information, and there can be no reason for refusing to it the figures which concern the expenditure either of the current or of any former year. It is possible, of course, that the person who drew this clause thought that, under the vagueness of its language, he might insinuate a claim that the Commission should permanently regulate the administration of the expenditure of the Egyptian Government. In short, it may conceal a scheme for sanctioning legislative or administrative interference by the Commission. I think that the words should be so modified as to make it quite clear that they do not apply to any future Budgets.

5. The reference to the Rothschild Decree is too vague. As the Powers have consented to the Decree, it must be held inviolable, and the Liquidation Commission cannot modify its provisions; but the language of the new Project would sanction not only the Rothschild Decree, but the claims of the creditors to which that Decree refers. We have not yet acknowledged those special rights, and should limit our assent to the confirmation of the Rothschild Decree.

6. In dealing with the final character to be attributed to the decision of the Commission, the new Project uses these words: "In virtue of a special arrangement to be concluded between the Governments of Germany," &c. I have the strongest objection to the use of expressions which speak of this arrangement as yet incomplete. It is not worth while to set up a Liquidation Commission unless its decrees are final, and the note declaring them to be so should be signed previously to the issue of the Decree which we are now considering.

7. The law is said in the new Project to be obligatory without appeal "only on the Contracting Governments." In strict law this will no doubt be, in any case, the effect of the proposed note, for other Governments cannot be bound by an arrangement to which they are not parties. But yet I should demur to the insertion of the words "by the Contracting Governments," for it may seem to bind France and England to give practical effect to the protest of any small outside Government which may think fit to dissent for the purpose of enabling some speculator whom it favours to buy up and work the claims of creditors of consenting nationalities. England and France must adhere firmly to the principle that the reformed Tribunals can only work by the consent of all who set them up; that if the concurrence of these two Governments is withdrawn in respect to any matter, the action of the Tribunals in that matter is paralyzed, and consequently, that it will not be open to any dissentient Power to utilize the Tribunals for the purposes of such a speculation as that which I have indicated.

8. The words introduced in the new Project, "The Commission of Liquidation shall

have a right to supervise, within the limits of its competence, and in accordance with the Controllars-General, the execution of the disposition which it has decreed," are not very easy to understand. I presume that in this provision lies the satisfaction to the Austro-Hungarian and Italian Governments for their exclusion from any share in the Control: but what it means (if it is anything more than a mere flourish) there are no materials to show. The decree of the Commission will be that A B shall receive money, and that C D shall receive stock bearing so much interest as will be available after the reservation of a certain sum to the Egyptian Government. The payment of the money will be immediate, and will require, therefore, no supervision. The issue of the new stock, if the decree take that form, will be a matter of a few weeks, and can scarcely be said to require supervision.* The future action of the Government of Egypt with respect to its debts will undoubtedly be a matter of considerable interest to those who have acquired rights under the decree of this Commission, but it certainly will not need a special body for its supervision. The question whether upon the face of the accounts it has or has not exceeded the sum allotted to it will be so simple that it can easily be dealt with by the ordinary diplomatic machinery of the Powers. It is possible that the Austrian Government is looking forward to some form of audit, and I do not feel satisfied that there may not be wisdom in conceding to its wishes upon this point, if I rightly interpret them. An audit of Egyptian accounts would in itself be an admirable institution. There is no reason why it should have any sort of right of interfering in administration of the country, any more than an Audit Office in this country, or the *Cour des Comptes* in France; but its report would give a certain confidence to the outside world and would form a check upon the proceedings of the Egyptian Administration. I should commend to the French Government the consideration of this proposal, only observing that the Commission of Liquidation is not the body to perform the functions of a Commission of Audit. The Commission of Liquidation should adhere to its own proper work, and only liquidate, but a permanent Audit Office might be created, consisting, perhaps, of the Commissioners of the Caisse sitting with the Controllars.

9. The provisions which relate to the communication between the Controllars and the Commission are indefinite. I do not precisely see for what purpose such a provision should be introduced into a Decree. That the Controllars should furnish to the Commission all information that is necessary for the accomplishment of its task is a matter of course. That the Controllars should examine, in communication with the Commissioners of Liquidation, any questions which they may think proper so to examine, will no doubt be very desirable, if they think it proper, but this hardly seems to be a provision to be gravely inserted in a Decree. There are a great many things which the Controllars may safely be permitted to do, if it is carefully provided that they need not do them unless they like. The third provision, that the Commission are to have a right of submitting its deliberations to the Khedive, seems perfectly harmless.

10. I agree with M. Waddington in thinking that, however useful such a provision as that which is suggested by the Austrian Government at the end of their Project, as to the application of the Treaties and Capitulations, it would not properly form part of the Liquidation Decree; and that if it is resolved to assign to any Representatives of the Powers such a function as is here shadowed out, the proposed Audit Commission would be a more suitable body for the purpose.

S.

Foreign Office, December 15, 1879.

No. 1661.

Mr. Mounsey (for Mr. Corbett) to the Marquis of Salisbury.—(Received December 15.)

(Telegraphic.)

Athens, December 14, 1879.

I HAVE made declaration in the sense of your Lordship's telegrams of 10th and 13th instant to Greek Minister for Foreign Affairs. His Excellency remarked that it differed somewhat from the declarations of other four Powers, but he added that, for political reasons, he had already instructed his Agent in Egypt to notify adhesion of Greece to Khedive's Decree to Egyptian Government.

No. 1662.

Lord Tenterden to Sir R. Lingen.

Sir,

Foreign Office, December 15, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 6th instant.

In reply, I am to transmit to you, to be laid before the Lords Commissioners of the Treasury, copies of two despatches which have been addressed to Her Majesty's Agent and Consul-General in Egypt on the subject of the non-payment by the Egyptian Government of the Tribute which is now due from it to the Porte; as well as a despatch which has been received from him upon this question, and a telegram dated the 1st instant.

Their Lordships will observe that Mr. Malet has been instructed to remonstrate against any failure of the Egyptian Government to meet its responsibilities in this respect. It has been pointed out to him, and through him to the Controllars-General, that the Tribute must be looked upon as a first mortgage upon the whole resources of Egypt, and ought not to be postponed to the interest of the Unified Debt. The answer received by Mr. Malet from Major Baring and Riaz Pasha gives reason to anticipate that the arrear in the payment of the Tribute will not take place again, and that the present default will speedily be made up.

With respect to the interest on the Suez Canal shares purchased by Her Majesty's Government, the case is more difficult. Mr. Malet will do all that he can to obtain its payment, but it is a question whether it would be expedient to assert formally a claim that these shares should have special revenues assigned to their discharge.

The Agreement entered into on the 25th November, 1875, states that "the Egyptian Government further engages that the amount of the said interest shall be charged on the revenues of Egypt;" and the Khedive's Decree of the 2nd May, 1876, constituting the *Caisse de la Dette Publique*, provides that the Caisse shall "receive the funds for the yearly payment due to the English Government and representing the interest on the Suez Canal shares."

If the claim were advanced that the payment of the interest on the shares should now receive some further guarantee, and be specially recognized by a formal Act as having a right to take precedence of the Unified Debt, which is in a large measure composed of obligations incurred anterior to the Agreement of the 25th November, 1875, and of which only a part of the guaranteed interest has been paid, the claim would almost certainly be resisted by the Representatives of other Powers, who have shown great jealousy with respect to the rights of creditors who are their subjects. The resulting controversy would be embarrassing and inconvenient, especially if the Mixed Tribunals should entertain any doubt of the right of Her Majesty's Government to insist upon a priority over other obligations anterior in date.

The suggestion made by the Board of Treasury that instructions upon this subject should be given to the members of the Liquidation Commission when they are appointed, is also one that could not be acted upon without careful consideration. The members of the Liquidation Commission will be in the position of Judges; it will be their duty to examine impartially into the various claims against the Egyptian Government, and to assign upon grounds of justice the proportion of his claim which it is right that each creditor should receive. To instruct the Commissioners beforehand which particular creditors they are to favour would materially alter the nature of their duties, and could hardly be done without frankly informing the other Powers whose consent to the liquidation scheme is now being sought of the construction which Her Majesty's Government were practically placing upon the functions of the Commission.

If, however, the Lords Commissioners should still adhere to the view of this question which appears to have commended itself to them, I am to suggest that, before any communication to this effect is made to Mr. Malet, the opinion of the Law Officers should be taken upon the matter.

I am, &c.

(Signed) TENTERDEN.

Lord Lyons to the Marquis of Salisbury.—(Received December 17.)

(No. 1222.)

My Lord,

Paris, December 15, 1879.

WITH your despatch No. 1483 of the 12th instant your Lordship has been so good as to send me, for transmission to M. Waddington, a printed copy of the memorandum on the subject of the proposed Commission of Liquidation for Egypt which was communicated by your Lordship to Count Károlyi on the 18th ultimo.

I have to-day sent the copy in question to M. Waddington.

I have, &c.
(Signed) LYONS.

Lord Lyons to the Marquis of Salisbury.—(Received December 17.)

(No. 1223.)

My Lord,

Paris, December 15, 1879.

IN obedience to the instruction contained in your Lordship's despatch No. 1484 of the 13th instant, I have forwarded to M. Waddington a paraphrase of the telegram in which Mr. Malet transmitted to your Lordship a communication from the English and French Controllers-General respecting the payment of the Egyptian Tribute.

I have, &c.
(Signed) LYONS.

M. de Rothschild to Lord Tenterden.—(Received December 19.)

Dear Lord Tenterden,

London, December 19, 1879.

I VENTURE to trouble you with these few lines, merely to inform you that we are at last able to announce the payment of the two coupons.

Again a thousand thanks from yours, &c.

(Signed) ROTHSCHILD.

Mr. Malet to the Marquis of Salisbury.—(Received December 20.)

(No. 664.)

My Lord,

Cairo, December 10, 1879.

MAJOR BARING has informed me that he and M. de Blignières have proposed to the Government that the income of the Khedive should be fixed at 120,000l. a-year, intimating at the same time that they would be willing to raise this sum to 150,000l. a-year if the Government consider it desirable. The Civil List in all amounts to 350,000l. a-year. There would, consequently, if the Khedive receives 150,000l., be 200,000l. a-year to dispose of for the Royal Family. The Controllers are of opinion that the Khedive should be allowed to apportion this sum as he thinks fit among his relatives, but they desire that he should fix the amount which each is to receive once for all, and that he should not receive the amount annually, to distribute according to the necessities or caprice of the moment.

I have, &c.
(Signed) EDWARD B. MALET.

Mr. Malet to the Marquis of Salisbury.—(Received December 20.)

(No. 668. Political.)

My Lord,

Cairo, December 12, 1879.

IN my despatch No. 619, Political, of the 22nd ultimo, I informed your Lordship that the Egyptian Government had decided to relieve Mr. Scrivenor of his functions as Director-General of Customs.

I have the honour to transmit herewith copies of the despatch of the Minister of the Interior, conveying this decision to Mr. Scrivenor, and of Mr. Scrivenor's reply.

I have also the honour to inclose copies of letters which Mr. Scrivenor wrote to me on the 14th ultimo and 10th instant, and of my replies to Mr. Scrivenor, of the 17th ultimo and 11th instant.

Your Lordship will perceive by Mr. Scrivenor's last letter that he requests protection against the action of the Egyptian Government, and, in his letter to the Minister of the Interior, he suggests a distinction between the duties which he has been performing as Director-General of Customs and those which he undertook to perform as Controller-General of Customs under his contract with the Khedive, copy of which is also inclosed (No. 7), and he announces that he is ready to fulfil the duties indicated by his contract, and awaits instructions upon this point.

In his letter to me of the 10th instant, Mr. Scrivenor states that he feels satisfied with the assurance contained in my letter to him of the 17th ultimo, that his rights, under his contract, would be respected. I had spoken on the subject to Riaz Pasha, and had no reason to apprehend that Mr. Scrivenor would be unfairly treated with regard to his contract. His Excellency, indeed, observed that it would be quite worth while to the Government, with a view to restoring order in the Customs Administration, to pay Mr. Scrivenor under his contract, and to let him go.

I did not, however, when I spoke to Riaz Pasha, or when I wrote to Mr. Scrivenor, for a moment consider that Mr. Scrivenor would claim, under his contract as Controller-General, as distinct from his position as Director-General; and I hesitate to suppose that it really is his intention to do so until he has formulated the claim in a more distinct manner than appears in his answer to Riaz Pasha (Inclosure No. 2).

I, therefore, in my reply to Mr. Scrivenor of yesterday, did not touch upon his request for the protection in so far as it touched his contract, and I propose to wait till he has stated his expectations clearly before taking any further steps with regard to it.

I also inclose a copy of a despatch from the Khedive, Ismaïl Pasha, to Mr. Scrivenor (Inclosure No. 8), naming him Director-General of Customs. It is dated the 26th November, 1876, and appears to me to indicate the functions which were to be filled by Mr. Scrivenor, under his contract, which had been signed in London six weeks previously. Whereas Mr. Scrivenor appears to hold that his appointment as Controller-General fell into abeyance in consequence of that letter, and that he has the right to resume it now that he is relieved of the functions assigned to him by the Khedive.

As I do not take this view, and at the same time do not wish unnecessarily to prejudice what Mr. Scrivenor conceives to be his rights, I shall do nothing until I receive instructions from your Lordship, or circumstances compel me to state my opinion to the Government and Mr. Scrivenor.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure 1 in No. 1667.

Riaz Pasha to Mr. Scrivenor.

Monsieur,

Caire, le 6 Décembre, 1879.

APRÈS avoir pris connaissance du Rapport de la Commission d'Enquête sur l'Administration que vous dirigez, le Conseil des Ministres a décidé qu'il y avait lieu de vous relever de vos fonctions.

Je donne les ordres nécessaires pour que les arriérés de votre traitement jusqu'à la date de ce jour soient mis à votre disposition.

Veillez, &c.
(Signé) RIAZ.

Inclosure 2 in No. 1667.

Mr. Scrivenor to Riaz Pasha.

M. le Ministre,

Alexandrie, le 10 Décembre, 1879.

J'AI l'honneur d'accuser la réception de votre lettre du 6 courant, me notifiant que le Conseil des Ministres, se basant sur le Rapport de la Commission d'Enquête, avait décidé de me relever de mes fonctions de Directeur-Général des Douanes.

En réponse, je desirais vous faire observer, M. le Ministre, que les dites fonctions me furent imposées après mon arrivée en Egypte par lettre de Sa Majesté le Khédive, portant date le 26 Novembre, 1876, et en faisant toutes les réserves de droit, je ne veux pas m'opposer à une décision qui me dépouille des fonctions spéciales indiquées dans la susdite lettre, si toutefois la révocation ait été approuvée et confirmée par Son Altesse le Khédive.

Cependant je dois insister de nouveau qu'une copie du Rapport de la Commission me soit fournie dans le plus bref délai.

J'ai l'honneur de notifier au Gouvernement de Son Altesse que je suis toujours prêt à remplir l'emploi et les fonctions indiqués dans mon contrat, et j'attends des instructions à cet égard.

Veuillez, &c.
(Signed) G. SCRIVENOR.

Inclosure 3 in No. 1667.

Mr. Scrivenor to Mr. Malet.

Dear Mr. Malet,

Alexandria, November 14, 1879.

WHEN I had the pleasure of meeting you on your arrival, I remarked that I hoped you would not be troubled with the question of the Customs Commission, as I had every reason to believe that the inquiry could not fail to justify, first, my action in the case of the dismissal by the Minister of Saba Bey, Director of Port Said (the special question before the Commission); and, secondly, the general acts of my Administration—a question afterwards added by the native Ministry in consequence, I presume, of grave charges brought against me by my Inspector-General, charges which he had thought it not inconvenient with his honour and duty to seek and accumulate against me as cases arose in which he conceived I had erred, instead of pointing out to me with frankness my supposed errors and faults as they came to his knowledge.

In these matters, however, I have shown that I not only acted under superior orders, but that these official orders were issued in pursuance of a defined plan of action consequent on recent legislation in respect to tobacco duties, &c., and in view of a temporary and exceptional difficulty; that I did not fail to refer these orders to each successive Ministry since that of Wilson-de Blignières, who confirmed them; and that in this, as in all my administrative acts, I was actuated only by a desire to develop and secure the just revenues of this country.

It then remained for the Commission to inquire generally into the working of the Administration *à propos* of nothing, I believe, so far as I am concerned, except that the chance of impeaching an English Administration, and dragging it through the mire, was too good to be lost by the native Pashas. I need not tell you how damaging has been, and will be, the effects of this inquisition to English prestige and English interests here, quite irrespective of my own particular case. The natives desire to be rid of us, and will stop at no misrepresentation to disparage our work; and the European members of the Commission not being conversant with the technicalities of customs affairs, may fail to fully appreciate the good work undoubtedly done in the face of difficulties innumerable, and opposition, and, worst of all, perhaps, the apathy of the Ministers; but I may assume that they have arrived at a just conclusion in their Reports now presented for the decision of the Ministers. This decision should be based solely on the finding of the Commission, and outside influence should not be permitted. But we are in the East. There is a native in possession of the custom-house, and they will make efforts to keep him there. There may be complications and difficulties, and it is in this view that I now solicit your official counsel and protection as a British subject. I ask one act of justice of you, hitherto, I regret to say, not vouchsafed me. Should anything come to your knowledge from any source tending to prejudicially affect me officially or otherwise, give me the opportunity of presenting my side of the question. I speak very generally, knowing how

deeply intrigue is interwoven with all these questions. I will engage that you shall hear the truth from me, even against my own interests. I have a very long honourable and not undistinguished career in my limited sphere. My honour during over thirty years has never been questioned, whilst my merits have been always recognized as something more than ordinary. I have performed many important and special services, and my old chiefs and colleagues desire nothing better than to testify to this, and protect my professional reputation if attacked.

I will come to Cairo if you counsel me to do so, but, although the "absent are always in the wrong," in a general sense, I, so confident in my right, and so assured of your impartiality and judgment, that I abstain from troubling you without cause (and I have no favour to beg from any one else), unless you advise me. I will, therefore, await your reply.

Believe me, &c.
(Signed) G. H. SCRIVENOR.

Inclosure 4 in No. 1667.

Mr. Malet to Mr. Scrivenor.

Dear Mr. Scrivenor,

Cairo, November 17, 1879.

I AM much obliged to you for your letter of the 14th instant, and I can assure you that you may rely upon my impartiality in the difficulties which have arisen. I suspect that the Egyptian Government, having retaken possession of the Customs Administration, are anxious to keep it, but you may feel sure that your rights under your contract will be respected. I may also assure you that I have heard nothing to the prejudice of your character personally. With regard to your official acts, they have been the subject of an inquiry, and I am not yet acquainted with the terms of the Report. I shall not take advantage of your offer to come to Cairo at present, but I shall bear it in mind, in case I find it necessary later on to see you.

Believe me, &c.
(Signed) EDWARD B. MALET.

Inclosure 5 in No. 1667.

Mr. Scrivenor to Mr. Malet.

Dear Mr. Malet,

Alexandria, December 10, 1879.

I BEG to inclose, for your information, copies of a letter from Riaz Pasha, dated the 6th December instant, informing me that I am removed from my office of Director-General of Customs, and my reply.

May I beg of you to officially support and enforce, if necessary, my demand that a copy of the Report of the Commission should be at once supplied to me. The decision has been taken upon a consideration of this Report, the terms of which I am entirely ignorant of. No charges or accusations have been, during the whole proceedings of this Commission, or at any anterior period of my three years' administration, formulated against me. I have had, therefore, no means of repelling or disputing statements which must be of great gravity to have induced the Commission to recommend my abrupt removal from the Direction.

I except, in saying this, the charges of violation of the laws in respect of tobacco, which my subordinate has been permitted against all order and precedent to prefer against me. I think you will concede that it is my right to know what are my offences, and that I should have been allowed an opportunity of reply before any action was taken against me. As this has been denied me, I can only, and now do protest to you against the unjust course followed by the Khedive's Government against me, and I claim your support and your protection against all action now taken, or which may be hereafter taken, by the Egyptian Government which may tend to endanger my rights under my contract.

I refer to your letter of the 17th November, and feel satisfied with your assurance that my rights under my contract shall be respected.

Believe me, &c.
(Signed) GEO. H. SCRIVENOR.

Inclosure 6 in No. 1667.

Mr. Malet to Mr. Scrivenor.

Dear Mr. Scrivenor,

WHEN I had the pleasure of seeing you here I said that I thought no difficulty would be made in giving you a copy of the Report of the Commission of Inquiry, and I have since been informed that it will be given to you as soon as it is copied. Had there been any inclination on the part of the Government to withhold the Report from you, I should have used my best influence to secure for you what I consider to be your right.

Believe me, &c.

(Signed) EDWARD B. MALET.

Cairo, December 11, 1879.

Inclosure 7 in No. 1667.

Contrat fait ce 14 Octobre, 1876, entre Mr. Edward Thomas Rogers, Représentant à Londres de Son Altesse le Khédive d'Egypte, au nom de Son Altesse le Khédive, ses héritiers et successeurs, d'une part, et Mr. George Henry Scrivenor d'autre part.

VU que le susdit Mr. G. H. Scrivenor a été choisi par le Gouvernement de Sa Majesté Britannique sur la demande de Son Altesse le Khédive d'Egypte pour remplir les fonctions de Contrôleur et Inspecteur des Douanes Egyptiennes, et vu que Son Altesse le Khédive a bien voulu approuver ce choix et nommer le dit Mr. G. H. Scrivenor à l'emploi et aux fonctions susdits :—

1. Il est convenu que la concession de cet emploi et de ces fonctions est faite pour une première période de cinq ans, et sera considérée comme renouvelée à l'expiration de cette période pour une nouvelle période de cinq ans, ou plus aux mêmes conditions du présent contrat, pourvu que le même Mr. G. H. Scrivenor remplisse ses devoirs d'une manière satisfaisante et qu'il ne soit coupable d'aucune flagrante mauvaise conduite.

2. Un traitement annuel de 3,000l. sera payé par Son Altesse le Khédive au dit Mr. G. H. Scrivenor. Ce traitement sera payé mensuellement à partir du 1^{er} Novembre, 1876, et il est entendu que Mr. Scrivenor arrive en Egypte avant le 10 du mois de Novembre.

3. Dans le cas où le dit Mr. G. H. Scrivenor, soit pour raison de santé, soit pour toute autre raison désirerait résilier ce contrat, il lui sera payé dans la première période par Son Altesse le Khédive trois mois de traitement s'il quitte le service après la première année et avant l'expiration de la deuxième; six mois de traitement après la deuxième, et avant l'expiration de la troisième; neuf mois de traitement après la troisième et avant l'expiration de la quatrième; et une année de traitement après la quatrième année de service.

4. Les mêmes proportions d'indemnité restent fixées pour la seconde période de cinq ans ou plus.

5. La somme de 500l. sera payée au dit Mr. G. H. Scrivenor à titre de frais de déplacement de voyage et d'installation.

6. Si le susdit Mr. G. H. Scrivenor aurait besoin de changer de climat pour raison de santé il lui sera accordé un congé conformément au règlement suivi à l'égard des fonctionnaires supérieurs Européens au service de Son Altesse le Khédive; pour tout autre congé qui lui sera accordé il jouira pendant la durée de ce congé de la moitié au moins de ces appointements; on considérera toutefois le susdit Mr. G. H. Scrivenor comme étant toujours pendant ses absences au service de Son Altesse le Khédive.

7. Dans le cas du décès du susdit Mr. G. H. Scrivenor pendant la durée du présent contrat tout l'arriéré de ses appointements et toute indemnité qui lui aurait été dus à l'époque de sa mort seront payés à son représentant légal ou à ses exécuteurs testamentaires.

8. Ce contrat ne peut être interprété comme excluant les augmentations d'appointements ou d'indemnités qui pourraient être faites au susdit Mr. G. H. Scrivenor, si Son Altesse le Khédive voudra bien lui accorder de telles augmentations en considération de ses services ou pour toute autre raison.

Fait en double à Londres ce 14 Octobre, 1876.

(Signed)

E. T. ROGERS.

GEO. H. SCRIVENOR.

Signé en présence de—

(Signed.)

FREDERICK ANDREWS,

23, Leicester Terrace, Paddington, W.

F. J. CROCKETT,

22, Leicester Terrace, W.

Inclosure 8 in No. 1667.

His Highness the Khedive to Mr. Scrivenor.

Monsieur,

Palais d'Abdin, le 26 Novembre, 1876.

J'AI le plaisir de vous faire savoir que j'ai pris la décision de vous nommer Directeur-Général des Douanes. Cette Administration dépendant du Ministère des Finances c'est avec le Ministère de ce Département que vous aurez à référer pour toutes les affaires de service. Tous les employés de l'Administration des Douanes sont placés sous vos ordres, mais pour toutes les mutations dans le personnel, vous aurez à adresser vos propositions au Ministre des Finances, à l'exception, bien entendu, des employés de la perception qui, en conformité du Décret du 18 Novembre, dépendent des Contrôleurs-Généraux des Finances.

Vous aurez sous votre surveillance les tabacs, conformément aux règlements qui régissent cet article.

Vous aurez également sous votre surveillance les sels, mais seulement en ce qui concerne l'exportation et non sur l'administration de ce produit dans l'intérieur du pays.

Dès que vous aurez pris possession des fonctions que je vous confie, je vous prie d'inspecter les Douanes d'Alexandrie, de Rosette, de Suez, Port Saïd, et Damiette, pour vous rendre un compte exact de la marche du service, et à votre retour, vous me présenterez vous-même un Rapport sur la situation de ces Douanes et sur les modifications que vous aurez jugé utile d'y apporter.

Recevez, &c.

(Signed) ISMAÏL.

No. 1668.

Mr Malet to the Marquis of Salisbury.—(Received December 20.)

(No. 669.)

My Lord,

Cairo, December 12, 1879.

IN my despatch No. 619, Political, of the 22nd ultimo, I informed your Lordship that the Egyptian Government had decided to accept Mr. Archer Shee's resignation of his appointment of Inspector-General of Customs. I have the honour to inclose herewith a copy of a despatch dated the 6th instant, in which Riaz Pasha conveys this decision to Mr. Archer Shee.

Previous to Mr. Vivian's departure, Mr. Shee had stated to him that, not having a contract, he desired to have an assurance that in case his services were at any time dispensed with, he should receive six months' pay in addition to the payment of his salary up to the time of quitting the service. Mr. Vivian, who left before he could attend to the matter, requested Mr. Lascelles to see to it, and Mr. Lascelles obtained from Chérif Pasha a verbal promise that Mr. Archer Shee should be paid the six months' salary, in case his services were dispensed with.

Mr. Lascelles informed me of this promise, and I took an opportunity, shortly after my arrival here, to mention the matter to Riaz Pasha.

As the note accepting Mr. Shee's resignation states that two months' salary will be paid to him, in addition to his pay, I spoke on the subject to Riaz Pasha on the 10th instant, reminded him of Chérif Pasha's promise, and urged that it should be fulfilled, as Mr. Shee's abstention from insisting upon a contract should be taken into account, and the terms on which he gave his services, though not put in writing, were in equity binding on Chérif Pasha's successor. His Excellency replied that he had no document recording this promise in the Archives which would warrant him in departing in Mr. Shee's favour from the usual rule, which was, even after lengthened periods of service, running up to thirty years, to give the person retired three months' pay. I said I was quite willing to state to his Excellency in writing that Chérif Pasha had made the promise, and I pointed out that in accepting Mr. Shee's resignation his Excellency had hardly taken into account the Report of the Commission of Inquiry which, I understood to be on the whole favourable to Mr. Shee. The value of Mr. Shee's services being recognized by the Commission, it became the duty of the Government, if it dispensed with them, to make him such amends as the punctual fulfilment of engagements towards him might convey. His Excellency finally consented to take the matter into consideration

I have, &c.

(Signed) EDWARD B. MALET

Inclosure in No. 1668.

Riaz Pasha to Mr. Shee.

Monsieur,

Le Caire, le 6 Décembre, 1879.

LA Commission d'Enquete sur l'Administration des Douanes estime que des modifications doivent être apportées dans l'organisation de ce service, et que le poste que vous occupez ne saurait être maintenu.

Je crois donc devoir accepter votre démission, tout en vous exprimant le regret que les circonstances ne permettent pas d'utiliser vos services.

En même temps j'ai le plaisir de vous aviser que le Conseil des Ministres a décidé de vous allouer, à titre de gratification, deux mois de traitement.

Je donne les ordres nécessaires pour que les arriérés de votre traitement, jusqu'à ce jour, soient mis à votre disposition en même temps que les deux mois susmentionnés.

Veuillez, &c.

Le Ministre des Finances par intérim,
(Signé) RIAZ.

No. 1669.

Mr. Malet to the Marquis of Salisbury.—(Received December 20.)

(No. 670. Political.)

My Lord,

Cairo, December 13, 1879.

I HAVE the honour to inclose an extract from the "Moniteur Egyptien" of the 11th instant, stating that Mr. Fitzgerald has been appointed Director-General of State Accounts.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 1669.

Extract from the "Moniteur Egyptien" of December 11, 1879.

PAR Décret de Son Altesse le Khédive, rendu sur la proposition du Conseil des Ministres, M. Fitzgerald a été nommé Directeur-Général de la Comptabilité de l'Etat.

No. 1670.

Mr. Malet to the Marquis of Salisbury.—(Received December 20.)

(No. 671. Political.)

My Lord,

Cairo, December 13, 1879.

WITH reference to your Lordship's despatch No. 332, Political, of the 28th ultimo, I have the honour to inclose herewith a complete set of the Reports of the Commission of Inquiry into certain acts of Mr. Scrivenor and Mr. Arthur Shee, in their official positions as Director-General and Inspector-General of Customs.

The delay in transmitting these documents has been caused by the time which it has taken to copy them. I received them yesterday afternoon. The Preliminary Report and the Memorandum were transmitted to your Lordship before in my despatch No. 585, Political, of the 7th November, 1879.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure 1 in No. 1670.

Preliminary Report of the Custom-house Commission of Inquiry, dated September 29, 1879.

[See Inclosure 1 in No. 1514.]

Inclosure 2 in No. 1670.

Memorandum dated September 29, 1879.

[See Inclosure 2 in No. 1514.]

Inclosure 3 in No. 1670.

Second Report of the Custom-House Commission of Inquiry.

Alexandrie, le 14 Octobre, 1879.

Excellence,

NOUS avons l'honneur de vous adresser un second Rapport ayant trait à de certains faits qui nous ont été signalés, comme devant faire ressortir les erreurs qu'on impute à l'Administration de la Douane.

Ce Rapport met fin à l'enquête qui a été confiée à la Commission sous le point de vue de ce qu'il y a de plus particulièrement personnel dans la question, c'est-à-dire, en ce qui regarde les faits spéciaux qui nous ont été communiqués, au sujet de la manière d'agir du Directeur-Général, ou de l'Inspecteur-Général, dans l'exercice de leurs fonctions.

Un troisième et dernier Rapport sera soumis plus tard, et alors que la Commission aura terminé l'étude des renseignements dont elle s'entoure, pour arriver à se former une opinion sur l'ensemble de la marche de l'Administration dans ses différentes branches, en dehors du point de vue purement personnel de la question.

2. Il sera utile de suivre dans ce Rapport l'ordre de l'enquête fixé par la Commission, établissant les points successifs de la question, et les informations qui ont été fournies pour l'éclaircissement de chacun de ces points, ainsi que la conclusion à laquelle la Commission est arrivée à l'égard de chacun d'eux.

3. La première question est celle-ci :—

Qui a eu la première idée de certaines dispositions émanant de son Excellence l'ex-Ministre des Finances, Mr. Wilson, et de son Excellence l'ex-Ministre des Finances, Ragheb Pacha, ayant pour objet l'introduction en Egypte des conditions contraires aux règlements en vigueur—de tabac Turc—non accompagné d'une raftieh Turque, et par conséquent ne pouvant pas être admis en franchise en Egypte.

Par qui, à la suite de consultations personnelles ou autrement, avec les Ministres sus-nommés, ces dispositions ont été formulées et mises en exécution ?

Il paraît que, en conséquence du Décret en date du 29 Mars, 1879, qui réduisit les droits d'octroi sur les tabacs de P. T. 20 à P. T. 5 par ocque, une grande quantité de tabac (évaluée à 600,000 ocques) réunie devant un long espace de temps à Malte et à Syra, dans le but de la faire entrer en Egypte en contrebande, suivant les circonstances, était restée entre les mains des contrebandiers, avec peu de chance que ces derniers pussent en tirer partie. Grâce à cette réduction des droits d'octroi, et la stricte surveillance des gardes-côtes, les risques à courir pour la contrebande (sans parler des grands frais que celle-ci entraîne) eussent été tels que l'opération serait restée sans profits, par la raison qu'il eût été impossible au tabac introduit par fraude de faire concurrence au tabac qui aurait simplement payé les droits d'entrée, tels qu'ils avaient été fixés par le nouveau Tarif.

Dans une lettre particulière à Mr. Wilson, en date du 30 Mars, 1879, Mr. Scrivenor, faisant allusion à cet état de choses, disait que les négociants auxquels ce tabac en dépôt appartenait étaient prêts à payer P. T. 10 par ocque, à "titre d'amende, pour l'irrégularité de l'opération, le défaut de raftieh, &c., et je calcule," ajoutait-il, "que, en deux mois de temps, j'aurai encaissé 60,000L. de surplus de recettes provenant de cette source seulement; après quoi, le Tarif régulier reprendra. Voulez-vous me dire si je suis autorisé à permettre de suite l'entrée de ce tabac sans raftieh."

Le 1^{er} Avril Mr. Wilson donna, par télégraphe, la permission demandée.

Il va sans dire que cette autorisation avait pour but de réaliser une recette qui aurait pu, autrement, être complètement perdue pour l'Administration; à défaut d'un arrangement de cette nature, le tabac mis en réserve serait simplement resté à Malte ou à Syra, par la raison qu'il ne valait plus la peine pour les contrebandiers de tenter de le faire passer à travers les lignes des gardes-côtes. Mr. Scrivenor a expliqué à la Commission que le projet dont il s'agit avait été discuté par la Commission d'Enquête, et que c'était à la suite des discussions de cette Commission avec le Ministre ainsi que des représentations de Mr. Scrivenor lui-même, que le Ministre des Finances avait émis cet ordre. La Commission n'a aucune raison pour douter l'exactitude de cette explication. Mr. Scrivenor ajoute qu'il était dans les intentions de Mr. Wilson de lui faire parvenir officiellement les instructions nécessaires pour l'autoriser à agir conformément aux propositions contenues dans la lettre du 30 Mars, et approuvées par M. Wilson le 1^{er} Avril suivant.

Mais le 7 Avril le Ministre tomba, et les ordres officiels attendues par le Directeur-Général ne purent lui parvenir.

Quant à l'origine des instructions données par son Excellence Ragheb Pacha, par sa

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lettre en date du 19 Juin, et la question de savoir qui furent les personnes qui traitèrent directement à ce sujet avec le Ministre des Finances, ceci est beaucoup moins clair.

Les explications fournies par Mr. Scrivenor sur ce point sont obscures.

Il rapporte que, se trouvant au Caire en Mai ou Juin, son Altesse l'ex-Khédive lui parla des tabacs en dépôt à Malte et Syra, et lui dit qu'il fallait faire quelque chose à cet égard; conséquemment, par ordre de Son Altesse, et suivant les instructions de Barrot Pacha, il parla de l'affaire avec le Ministre des Finances. Ragheb Pacha l'adressa à Chérif Pacha.

Il eut un entretien avec ce dernier qui, entr'autres choses, l'assura qu'il parlerait à son tour avec le Ministre des Finances. Mr. Scrivenor quitta alors le Caire, et quelque temps après il reçut, soit le brouillon d'une lettre qu'il avait à adresser au Ministre des Finances, soit une copie au net, qu'il n'aurait eu qu'à signer et expédier. Le contenu de cette lettre formulait les propositions qui furent ensuite adoptées (verbatim) par son Excellence le Ministre dans ses instructions en date du 19 Juin.

Les détails de cette partie de la question sont extrêmement confus et obscurs dans les explications fournies par Mr. Scrivenor.

Il résulte cependant de ces explications que, après que le Directeur-Général eut quitté le Caire, M. Haicalis, Avocat de la Douane, qui se trouvait dans la capitale, fut chargé par lui de suivre l'affaire, et que les détails des instructions qui lui furent données, furent réglés après son départ à lui, Mr. Scrivenor—mais durant le séjour de M. Haicalis.

Il expédia sa lettre au Ministre après l'avoir signée, et datée du 13 Juin, par l'entremise de M. Haicalis.

Ce fut aussi par le même intermédiaire qu'il reçut la réponse.

M. Haicalis, qui a comparu par devant la Commission, a fourni sur ces faits une version qui diffère en des points importants de celle de Mr. Scrivenor.

L'un et l'autre, cependant, sont d'accord en ceci, que M. Haicalis était au Caire après que Mr. Scrivenor en était parti; que le premier était au fait de ce qui se passait au sujet de l'affaire dont il s'agit, et que ce fut par son entremise que Mr. Scrivenor expédia sa lettre du 13 Juin, et reçut la réponse du 19 idem.

Sur ce point la Commission ne saurait dire quel a été le promoteur de l'ordre émanant de son Excellence Ragheb Pacha, mais simplement qu'il était rédigé après consultations individuelles entre le Ministre des Finances, Chérif Pacha, et MM. Scrivenor et Haicalis respectivement.

Il ne reste à la Commission qu'à ajouter l'expression de ces regrets pour ce qui est de l'impossibilité dans laquelle M. le Directeur-Général s'est trouvé de lui fournir des détails plus circonstanciés sur un sujet aussi important pour l'Administration dont il est le chef, et sur des faits d'une date aussi récente.

Quant au vague qui plane sur toute cette affaire, et que les dispositions contradictoires de MM. Scrivenor et Haicalis ne font qu'augmenter, la responsabilité en retombe sur le Directeur-Général.

4. Le second point à établir était celui-ci :—

Quels étaient les traits distinctifs entre les instructions données au Directeur-Général par Mr. Wilson, et par Ragheb Pacha respectivement, au sujet de l'admission de ce tabac ?

La différence essentielle consistait en ceci, que Mr. Wilson proposait d'admettre le tabac Turc, non accompagné de raffich, sans autre formalité que le paiement par les propriétaires de P. T. 10 par oque. Il n'y avait à faire aucune demande, il n'y avait à élever aucune autre difficulté pour ce que le paiement fut effectué.

En cas que le Gouvernement Turc aurait fait quelques observations il a été fait observer à la Commission (mais sur ce point, en l'absence de Mr. Wilson, ce ne peut être que sous toute réserve), qu'il était dans l'intention du Ministre de proposer à la Turquie le paiement de P. T. 5, perçues comme amendes en sus des P. T. 5 du droit ordinaire d'octroi, ce qui revient à dire, la moitié du droit perçu lors de l'introduction de ces tabacs.

Le Ministre aurait, d'après ce qui a été dit à la Commission, fait remarquer à la Porte, que, à défaut d'un tel arrangement, l'Egypte n'aurait pu réaliser aucune recette de ce chef; que la Turquie, dans tous les cas, ne pouvait en espérer aucune de son côté, puisque les tabacs avaient déjà quitté ses ports sous raffich, et conséquemment, qu'il était plus avantageux à la Turquie comme à l'Egypte que le tabac fut admis dans ce dernier pays—dans l'intérêt du Trésor de tous les deux—plutôt que de le laisser à Malte ou Syra sans espoir d'en tirer aucun profit.

Les instructions données par Ragheb Pacha traçaient une marche très-différente; Mr. Scrivenor dit qu'il lui fut expliqué par Ragheb Pacha que le moyen adopté était le

système en vigueur en Turquie. La saisie du tabac devait se faire à l'entrée, à la suite d'informations, et on devait exiger le paiement d'un droit double. Après quoi, la moitié du tabac ainsi saisi serait accordée en nature au dénonciateur, et l'autre moitié vendue conformément aux règlements en vigueur au bénéfice du Gouvernement.

Il est fait mention dans les instructions de Ragheb Pacha d'une personne connue "à la Douane." MM. Scrivenor et Haicalis disent à la Commission que l'ex-Président du Conseil leur avait également parlé de cette personne; il s'agissait, disent-ils, de Mr. Comanos, Vice-Consul d'Amérique, qui se serait chargé du rôle de dénonciateur et d'intermédiaire. Ce dernier, en compensation des frais qu'il aurait eu à faire, et de la peine qu'il lui fallait se donner pour faire arriver en Egypte le tabac attendu, devait en recevoir le 50 pour cent en nature.

Tel était donc la marche à suivre: le Vice-Consul Américain, Mr. Comanos, faisait sa dénonciation; la Douane saisissait le tabac, et ordonnait le paiement d'un double droit d'octroi, que l'on réalisait ensuite en vendant la moitié de la marchandise saisie, et appartenant au Gouvernement; et l'autre moitié de la marchandise était allouée à Mr. Comanos, affranchie de tout droit.

La Commission se réserve de développer ses observations sur ce qui précède lorsqu'elle aura terminé son examen du prochain et troisième point de l'enquête, duquel elle s'occupe maintenant.

5. Comment explique-t-on les points de différence entre le projet de Mr. Wilson et celui de Ragheb Pacha ?

L'explication paraît très-simple :

Mr. Wilson n'avait pas la même inquiétude que Ragheb Pacha sur la manière que la Turquie aurait envisagé cette transaction.

Le premier était d'avis qu'il valait mieux traiter cette affaire ouvertement, dans la persuasion que les arguments ci-dessus mentionnés suffisaient à convaincre le Gouvernement Turc en cas de réclamations ultérieures.

Ragheb Pacha préférait s'en tenir, pour sauver les apparences, aux règlements en vigueur. En effet, si nous nous en tenons aux apparences, il semblerait qu'il n'entendait s'écarter des Règlements dont il s'agit qu'en ceci, que, au lieu de céder 48 pour cent en numéraire sur la valeur du tabac saisi (proportion erronée, comme on verra plus tard), il consentait à allouer 50 pour cent sur les marchandises en nature. Quant aux gardes-côtes, même s'ils étaient employés pour opérer la saisie, ils ne devaient recevoir aucune récompense.

De la sorte, le Gouvernement était préparé à satisfaire sans hésitation et avec une apparence suffisante de raison, toute réclamation venant de la part de la Turquie. La Commission peut maintenant développer ses appréciations sur les deux points qui précèdent.

Elle envisagera d'abord la question au point de vue de ce qui touche à l'Administration des Douanes, et à ce point de vue elle ne peut faire moins que d'exprimer des doutes très-sérieux sur la valeur morale du système proposé par le Directeur-Général des Douanes. Il est évident, en premier lieu, que l'exemple du chef de cette Administration entrant dans une voie que l'on ne peut que caractériser comme une entente secrète avec des contrabandiers, ne peut avoir qu'un effet démoralisant sur l'esprit de ses subordonnés.

Des moyens détournés tels que ceux que révèle le projet dont il s'agit, ne convenaient guère à un fonctionnaire dont le devoir, en sa qualité de chef de l'Administration, était de maintenir, par son exemple même, autant que par une surveillance soutenue, une droiture parfaite parmi ses subordonnés. Or, comme la proposition, comme on l'a vue, émanait en principe du Directeur-Général lui-même, celui-ci est nécessairement exposé à l'imputation d'avoir inspiré ces instructions, bien que celles-ci aient matériellement couvert la responsabilité de ses actes. Cependant, l'autorisation du Ministre des Finances, une fois reçue, doit être considérée comme pleine justification pour le Directeur-Général, de mettre en exécution les ordres qui lui avaient été donnés.

En outre, on faisait intervenir dans cette affaire, un tiers étrange à l'Administration (Mr. Comanos, le Vice-Consul d'Amérique), et par ce moyen on lui faisait cadeau d'une Commission très-élevée; cette intervention, alors même qu'elle eut été nécessaire au succès de la transaction (ce qui n'est aucunement prouvé) se serait produite d'une manière tellement onéreuse pour le Gouvernement, que les motifs qui ont été fournis ne suffisent pas pour l'expliquer. Cette entente devait nécessairement devenir publique, et donner lieu à beaucoup d'interprétations malveillantes et de jalousie dans le commerce.

Quant au chiffre de 50 pour cent alloué au sieur Comanos comme dénonciateur, les explications données à la Commission sont loin de l'avoir convaincue qu'il était nécessaire.

Dans la lettre de Mr. Scrivenor à Ragheb Pacha en date du 13 Juin, les frais ordinaires occasionnés par les saisies sont évalués à 48 pour cent de la marchandise, savoir : 40 pour cent alloué à l'Inspecteur-Général des gardes-côtes pour être distribué entre les dénonciateurs, les employés de service, et lui-même : 8 pour cent, moitié du double droit exigé sur le tabac, et réparti comme ci-dessus.

De sorte que, en donnant 50 pour cent au dénonciateur selon les Conventions dont il s'agit, on prétend qu'il n'y a qu'une augmentation de 2 pour cent sur les frais ordinaires.

Mais il a été prouvé que la proportion de l'indemnité allouée aux gardes-côtes sur les saisies n'a jamais été 40 pour cent, mais seulement 36 pour cent. Le 40 pour cent qui reste a toujours été retenue pour faire face à des dépenses que, ainsi que le Directeur-Général le reconnaît, il n'a jamais été nécessaire de faire.

L'Inspecteur-Général a défrayé lui-même, sur le 36 pour cent qui était alloué, toutes les dépenses à faire.

Pour ce qui est de 8 pour cent, moitié du double droit d'octroi, en sus du 36 pour cent, l'Administration des Douanes n'a jamais rien payé au service des gardes-côtes.

Il y a en outre sur ce point, dans la lettre de Mr. Scrivenor à Ragheb Pacha, une inexactitude de fait augmentée dans les instructions données par ce dernier.

C'est P. T. 8 par ocque, soit la moitié de l'amende de P. T. 16 imposée sur les tabacs saisis, qu'on prétend payer (ce qui n'a jamais été payé, comme il a été dit plus haut, au service des gardes-côtes), et non pas 8 pour cent sur les marchandises, comme il est dit dans l'ordre.

De sorte que les calculs développés dans les instructions de Ragheb Pacha, et basés sur les données fournies par le Directeur-Général, sont par eux-mêmes erronées et évidemment conduisent à l'erreur.

Il résulte de ce qui précède que la récompense accordée à Mr. Comanos pour ses frais et ses soins dans l'affaire (quels qu'ils eussent pu être) montait non pas à 2 pour cent, mais bien à 14 pour cent, en plus des frais et dépenses ordinaires, à charge de la Douane, à l'occasion des saisies.

En fin de compte, il paraît certain, d'après même les explications données d'une part et de l'autre, que ces Conventions étaient faits non-seulement dans l'intérêt du Gouvernement, mais aussi dans l'intérêt des propriétaires du tabac.

Ces derniers devraient conséquemment trouver leur bénéfice soit dans une entente avec Mr. Comanos pour ce qui regarde la moitié de la marchandise qui lui était accordée, soit par un arrangement qui peut leur assurer le rachat du tabac saisi à un prix avantageux ; soit enfin en ayant recours à l'un ou l'autre moyen.

Dans le premier cas il s'agissait, avec le consentement de l'Administration des Douanes, de donner le change au public et au Gouvernement Turc, suivant un mode peu compatible avec la bonne foi, qui doit précéder à toute Administration Gouvernementale.

Le dernier cas, comme du reste toute l'opération en elle-même, par son caractère, fournissaient aux employés en sous ordre des occasions de prélèvements illicites, ce dont, comme on le verra plus tard, ils ont été accusés lors de la première vente même qui a eu lieu à la suite de cette Convention.

Dans les remarques qui précèdent la question est envisagée au point de vue de l'Administration des Douanes ; mais la Commission croit que votre Excellence désire qu'il soit aussi fait mention de son opinion pour ce qui a trait au Gouvernement.

La question se présente ici sous deux aspects : le premier, diplomatique en ce qui touche les rapports du Gouvernement Egyptien avec la Turquie ; le second, intérieur en ce qui touche les intérêts du pays même.

Sous le rapport diplomatique la Commission ne croit pas devoir entrer dans une question qui lui paraît être en dehors de sa sphère. Elle ne se sent pas à même de donner à votre Excellence un avis sur un point aussi particulièrement délicat.

Elle se borne donc en ce qui regarde l'ensemble de cette partie de l'affaire, à dire en se plaçant au point de vue intérieur, que la marche proposée par Mr. Wilson, toutes réserves faites, en ce qui touche la question politique, était par elle-même préférable à celle indiquée par Ragheb Pacha.

Le projet adopté par Ragheb Pacha était sous tous les rapports de nature à soulever de graves objections.

Si l'on croit devoir s'occuper encore des moyens à employer pour s'assurer les recettes d'octroi pour les tabacs en réserve à Malte et Syra (objet dont la Commission

reconnaît pleinement l'importance), les mesures conseillées par Mr. Wilson, ou des arrangements d'une même nature, pourraient sous les mêmes réserves qui précèdent au point de vue politique, être mis en vigueur.

L'importance de toutes difficultés diplomatiques à ce sujet serait d'autant moins grande que, ainsi que Mr. Scrivenor l'explique, la question de l'introduction des tabacs en Egypte aurait pris fin alors que ceux en réserve à Malte et Syra auraient été admis.

Eu égard au droit d'octroi, ramené à P. T. 5 par ocque, et considérant les bas prix et les facilités relatives pour l'importation en franchise des tabacs de Syra, il n'y aurait plus avantage pour les négociants de continuer l'exportation, de Turquie en Egypte, des tabacs dépourvus de raftiehs. Ils auraient d'abord à déposer une somme considérable, à titre de garantie, lors de l'exportation, laquelle somme serait perdue pour eux, s'il était prouvé que le tabac n'avait pas été débarqué à Malte.

Ils auraient de toutes manières à transporter leur tabac dans cette localité, d'où il résulterait que les frais de transit par cette route détournée, ainsi que les dépenses y relatives, dépasseraient les frais qu'occasionnerait le chargement pur et simple, pour l'Egypte, en venant directement de la Turquie avec accompagnement de raftiehs.

6. La Commission aboute maintenant le quatrième point de l'enquête, savoir : M. le Directeur-Général des Douanes a-t-il fait part des instructions données par Mr. Wilson et Ragheb Pacha (1) à l'Inspecteur-Général des Douanes ; (2) aux Directeurs Locaux des Douanes ; (3) à l'Inspecteur-en-chef des Gardes-côtes.

Mr. Scrivenor reconnaît qu'il n'a communiqué les instructions de Mr. Wilson à aucun de ces fonctionnaires. En effet, le Ministère—dont Mr. Wilson faisait partie en qualité de Ministre des Finances—tombe une semaine après, et ces instructions n'eurent pas à être exécutées.

Dans une seule circonstance, dont il sera plus tard fait mention, le système de Mr. Wilson fut proposé pour l'introduction d'une certaine quantité de tabacs, mais cette proposition n'eut pas de résultat.

Mr. Scrivenor reconnaît pareillement qu'il n'a pas davantage communiqué quoique ce soit aux fonctionnaires susmentionnés des instructions reçues de Ragheb Pacha. Il est vrai qu'il a écrit des ordres à la suite de ces instructions, mais il le fit sous sa propre responsabilité, et sans faire connaître qu'il agissait conformément aux ordres du Ministre. En un mot, il ne fit part d'aucune de ces instructions—ni de Mr. Wilson ni de Ragheb Pacha—à qui que ce fût des fonctionnaires susnommés.

7. Les motifs allégués par le Directeur-Général pour ne pas l'avoir fait forment le cinquième point de première enquête.

Ils sont, selon lui, les suivants :—

(1.) Il se considérait, en général, comme le Chef responsable de l'Administration des Douanes, et conséquemment, il ne voyait aucune nécessité de communiquer à ses subordonnés la source de ses instructions, plus spécialement dans un cas où le plus grand secret était obligatoire.

(2.) En ce qui regarde l'Inspecteur-Général, Mr. Scrivenor nie absolument la nécessité de lui faire connaître les dispositions prises par le Ministre par la raison que les fonctions de l'Inspecteur-Général bornaient son action aux Douanes proprement dites, et ne l'appelaient aucunement à s'occuper de ce que l'on désigne ordinairement en Egypte par un emploi spécial des mots, "des droits d'octroi," c'est-à-dire ceux imposés sur les tabacs importés dans le pays. En d'autres termes, l'Inspecteur-Général n'avait pas à s'occuper de la question des tabacs.

(3.) Ce même raisonnement s'applique au Directeur Local des Douanes qui n'a pas nécessairement de rapport avec l'octroi. Ces fonctions sont confiées à un employé spécial de chaque Direction Locale des Douanes, connue sous le nom de "Chef d'Octroi."

(4.) Enfin, il n'était pas nécessaire d'informer l'Inspecteur-Général des gardes-côtes, puisque ce dernier n'aurait pu se livrer à une saisie sans en avoir au préalable informé Mr. Scrivenor, lequel l'aurait averti de se désister, au cas où les tabacs saisis auraient fait partie de la quantité appartenant à la Convention Ragheb-Comanos.

D'autre part, la saisie aurait pu se produire dans un port autre que celui d'Alexandrie, et dans ce cas Morice Bey n'aurait peut-être pas eu le temps d'en faire part au Directeur-Général, alors la Directeur Local aurait, en se rapportant aux ordres de Mr. Scrivenor, pris les précautions nécessaires pour éviter tout conflit entre ses subordonnés et les agents du service des gardes-côtes.

La Commission ne saurait donner aux explications qui précèdent une valeur suffisante. Et d'abord il lui semble que le secret, même s'il eût été possible, aurait

été mieux assuré par la coopération des deux fonctionnaires immédiatement sous les ordres de Mr. Scrivenor, que en laissant ceux-ci à apprendre ce qu'il en était des Conventions dont il s'agit par la rumeur publique.

Tout en admettant que Mr. Scrivenor était en fin de compte le fonctionnaire responsable, il eut été sage de sa part, et il n'aurait en rien mis cette responsabilité en péril, s'il avait accordé quelque confiance aux deux Inspecteurs-Généraux.

En second lieu, le Directeur-Général étant chargé personnellement du contrôle des gardes-côtes il n'était pas forcé de donner avis de l'arrivée des navires chargés de tabac à l'Inspecteur-Général, mais sur le point de savoir si pour les questions d'octroi il ne devait pas l'aviser, la chose est discutable. La Commission n'a pu trouver, ni dans les Règlements de Mr. Wilson en date du 7 Janvier, 1879, ni autre part, aucune raison d'exception à cet égard, et il n'est pas admis par Mr. Shee que cette distinction ait été mise en pratique.

Quoiqu'il en soit, l'Inspecteur-Général est personnellement chargé des Douanes d'Alexandrie et à la surveillance des autres offices de Douane qui en dépendent, conformément aux Articles 1 et 2 des Règlements susdits.

C'est pourquoi, si l'introduction des tabacs en Egypte n'était pas dans ses attributions, leur entrée dans les locaux de la Douane devait concerner ses fonctions.

En ce qui touche la troisième explication fournie par Mr. Scrivenor, il y a lieu, d'après lui, d'admettre dans les locaux des Douanes à Alexandrie, Port Saïd, et Damiette, différentes parties des tabacs dont s'agit par l'entremise des Directeurs mêmes de ces localités.

Bien qu'il ait pu ne pas faire part à des employés subalternes de la source des instructions qu'il leur donnait, il aurait tôt ou tard, en supposant que ces tabacs fussent passer par les Douanes, dû communiquer ces instructions à un subordonné ou fonctionnaire du rang de Mr. Shee, en sa qualité de Directeur des Douanes d'Alexandrie, sinon en sa qualité d'Inspecteur-Général.

Enfin, pour éviter toute complication et même des voies de fait, selon circonstances, il semble qu'il eût été mieux que le Directeur-Général eût mis Morice Bey dans sa confiance, et eût agi de concert avec lui.

De fait, du moment où l'on entraînait dans la voie de secret, on devait rencontrer à chaque pas des obstacles, et cette erreur fondamentale, dès le principe, fut la cause des fautes qui s'accumulèrent ensuite. Comme dernier résultat de cette manière d'agir, nous avons le mémorandum de Mr. Shee, adressé à Son Altesse le Vice-Roi, et par lequel il déclare vicieuse l'Administration du Directeur-Général, et accuse celui-ci de s'engager dans une voie qu'il croit de son devoir de faire connaître. Si Mr. Scrivenor avait dès le principe expliqué la situation à Mr. Shee, ce dernier n'aurait eu que deux alternatives : ou bien de soumettre aux ordres du Ministre, ou si sa conscience ne le lui permettait pas, de présenter sa démission.

8. La Commission a maintenant étudié l'origine des ordres que furent successivement donnés à M. le Directeur-Général par Mr. Wilson et Ragheb Pacha ; la nature et l'objet de ces ordres a été expliqué ; on a vu que les instructions données par ce dernier paraissent à la Commission prêter à de graves objections, et que, par des motifs qui n'ont pas été jugés d'une valeur suffisante, Mr. Scrivenor s'était abstenu de les communiquer aux deux Inspecteurs-Généraux. En partie à cause de cela, en partie pour autres motifs, il s'est produit divers faits qui ont servi de thème du mémorandum de Mr. Shee à Son Altesse le Khédive.

Ces événements, ainsi que d'autres qui se sont produits plus tard, forment le sujet du sixième et dernier point de l'enquête.

Ces faits dont il s'agit se divisent en cinq catégories, et ils ont eu lieu respectivement dans les mois qui suivent et dans les localités indiquées :—

1. Alexandrie, Avril 1879.
2. Port Saïd, Mai 1879.
3. Alexandrie, Juillet 1879.
4. Damiette, Septembre 1879.
5. Port Saïd, Septembre 1879.

9. Le premier fait est le suivant :—

Certains contrabandiers, notamment M. Penago, eurent l'idée de profiter des ordres de Mr. Wilson, en date du 1^{er} Avril, et de venir à des arrangements avec le Directeur-Général.

Leur navire, chargé de tabac, se trouvait précisément dans le port d'Alexandrie. Mr. Scrivenor envoya par l'entremise de Morice Bey à Mr. Shee une lettre que M. Penago lui avait adressée ; sur cette lettre Mr. Scrivenor avait apostillé ses ordres

pour qu'on eût à prendre les mesures nécessaires. Mr. Shee, qui ignorait les dispositions prises par Mr. Wilson, et qui par conséquent ne pouvait se rendre compte de la signification des ordres dont il s'agit, demanda des instructions supplémentaires. Mr. Scrivenor en référé à Ragheb Pacha, et s'apercevant que celui-ci n'était pas prêt à donner suite aux dispositions de Mr. Wilson il ne fit aucune réponse à la demande de Mr. Shee. Le navire quitta le port, et l'affaire en resta là.

Il a été dit devant la Commission que Mr. Scrivenor avait donné des ordres verbaux à Mr. Shee, par l'intermédiaire de Morice Bey et Saba Bey, en dehors des instructions écrites sur la lettre de M. Penago, pour allouer à ce dernier une déduction de 30 pour cent sur le droit à payer, par raison d'avarie, mais qu'il n'avait donné aucun ordre pour s'assurer de l'importance de cette avarie même. Cette affirmation n'a pas été prouvée, attendu que Morice Bey nie que Mr. Scrivenor lui ait jamais fait part de cet ordre à communiquer à Mr. Shee. Quant à Saba Bey, qui s'était trouvé si gravement compromis dès la première enquête. Mr. Shee avait d'abord invoqué ses témoignages, mais il y a ensuite renoncé.

10. Le second cas concerne la saisie et la vente à Port Saïd d'une certaine quantité de tabac d'origine Grecque, et pour ce motif prohibé. Le Directeur-Général se trouvant à Port Saïd durant le mois de Mai, vint à apprendre qu'il y avait une quantité considérable de tabac Grec caché dans certains dépôts de la ville.

Les ordres de Mr. Wilson, en date du 1^{er} Avril, étaient alors encore en vigueur, mais ne visaient que le tabac Turc, et, par conséquent, ne s'appliquaient à ce cas.

Le propriétaire, M. Janachi, propose que ce tabac fut saisi sur sa dénomination et vendu aux enchères, ce qui lui aurait permis de le racheter. A raison de la réduction des droits d'octroi sur le tabac, il offrit cette transaction amiable, plutôt que de faire sortir en contrabande ce tabac de la ville pour le reprendre dans les localités voisines.

Mr. Scrivenor y consentit, et donna à Saba Bey les ordres nécessaires par une lettre en date du 10 Juin, l'avertissement de ne pas vendre ce tabac à moins de P. T. 5 par ocque, et quelque temps après il quitta Port Saïd.

Saba Bey, conformément à ces instructions, saisit et vendit une partie du tabac.

Le 19 Juin le Directeur-Général, par suite de circonstances qu'il est inutile de mentionner ici, annula son ordre du 10 Mai, mais le 14 Juillet il le renouvela en partie. Il paraît que Saba Bey avait revendu aux propriétaires des tabacs saisis leur propre marchandise, mais à P. T. 5 seulement l'ocque, ni plus, ni moins, que le comportaient les instructions contenues dans la lettre de Mr. Scrivenor en date du 10 Mai ; et comme le dit celui-ci, ses ordres donnés de vive voix étant de ne pas vendre à moins de P. T. 5 par ocque, terme minimum, Saba Bey n'expliqua jamais d'une manière satisfaisante pourquoi il avait toujours été jusqu'au minimum.

Peu de temps après, le 14 Juillet, Saba Bey fut démis de ses fonctions pour d'autres motifs, et la vente de ce tabac Grec, autant que la Commission peut le savoir, cessa.

On peut tout d'abord faire remarquer que par l'Article XIV de la Convention entre la Turquie et l'Angleterre, l'introduction des tabacs Grecs en Egypte est absolument prohibée. Et comme les ordres émanés de Mr. Wilson ne se rapportaient pas aux tabacs Grecs, le Directeur-Général n'était aucunement autorisé à traiter avec les propriétaires des tabacs de cette provenance.

Mr. Scrivenor, cependant, sous sa propre responsabilité, dans l'intérêt, comme il dit, des recettes de l'octroi, et eu égard au récent abaissement des droits sur le tabac, ne tient pas compte de cette prohibition.

Comme tout ce qu'il fait fut porté à la connaissance du Ministre des Finances, dans cette circonstance, qui donna son acquiescement, la Commission ne s'arrête pas sur cet incident, et passe outre, sans faire d'autres remarques. Mais on remarquera en outre que nous avons déjà ici tous les motifs d'objections avec quels peut se prêter la Convention Ragheb-Comanos, qui fut conclue le mois suivant, à l'exception de l'intervention personnelle de M. le Vice-Consul Comanos.

Nous trouvons la saisie factice, l'entente secrète la mise en œuvre d'une transaction irrégulière sans les apparences de l'application des règlements en vigueur, et le tout aboutit à une vente que le Directeur-Général soupçonne d'avoir été faite à des prix extraordinairement bas, à la suite d'un accord entre les propriétaires et Saba Bey.

Il est difficile cependant de comprendre comment M. Janachi serait entré dans un pareil arrangement s'il n'avait pas eu la parfaite certitude que le tabac lui aurait été revendu ; le Directeur-Général admet en effet qu'il en était ainsi.

Or, pour que M. Janachi eut cette assurance il fallait que la vente comme la saisie fut factice, et l'acquéreur lui-même mis à l'abri de toute compétition.

M. le Directeur-Général tient à ce que la Commission soit pleinement persuadée que ses intentions et les instructions qu'il avait données à cet égard tendaient à voir s'effectuer une vente régulière aux enchères publiques.

La Commission accepte cette assurance, mais elle ne saurait être étonnée de la tournure qu'ont pris les événements, et de ce que Saba Bey ne comprit pas les instructions qu'il avait reçues, vu que le propriétaire de la marchandise, d'accord avec Saba Bey, réglèrent la vente dans les conditions les plus avantageuses pour eux-mêmes.

L'affaire tout entière fait plus honneur au zèle et au désir d'accroître les revenus de l'octroi, de la part du Directeur-Général des Douanes, qu'au tact et savoir-faire dont celui-ci fit preuve dans cette circonstance.

11. Le fait qui vient ensuite s'est passé à Alexandrie au mois de Juillet.

C'est la première fois que des tabacs ont été introduits en Egypte en vertu des instructions données par Ragheb Pacha. Mr. Shee était absent d'Alexandrie, pour cause d'indisposition, et Elias Bey, Secrétaire du Directeur-Général, était par intérim Directeur Local des Douanes. Il résulte d'informations fournies à Morice Bey par certains négociants, que ceux-ci désiraient faire entrer 105 balles de tabac dans les termes de la Convention Ragheb-Comanos. C'est ainsi Morice Bey en entendait parler pour la première fois. Vers le 17 Juillet il en parla à Mr. Scrivenor, qui admit l'existence de cette Convention, et consentit à la saisie et à la vente des tabacs. Il se présentait cependant ici une différence de nature à amener de certaines complications que nous expliquerons.

Ce n'était pas M. le Vice-Consul Comanos qui devait jouer le rôle de dénonciateur, et conséquemment recevoir la récompense, mais bien le service des gardes-côtes.

Le tabac fut dûment saisi par Morice Bey, mais l'opération fut l'occasion de tant de scandale, à ce que dit Mr. Scrivenor, à cause d'une imputation d'entente frauduleuse entre l'Administration des Douanes et les contrebandiers (par suite on peut croire de l'exclusion dans laquelle on avait laissé M. Comanos), que le Président du Conseil lui-même fit venir Mr. Scrivenor, et le pria d'en finir au plus tôt possible avec cette affaire.

Le Directeur-Général ordonna que toute la marchandise fut vendue sans délai en conformité aux règlements selon les usages ordinaires.

Ici Mr. Scrivenor, pour éteindre tout le bruit qui s'était fait autour de cette affaire, eût à enfreindre de nouveau les instructions privées dûment données par Ragheb Pacha, et d'après lesquelles il était entendue que la moitié seulement de ce tabac devait être vendue, tandis que l'autre moitié aurait été allouée au dénonciateur.

Deux Commissions sous la Présidence de Elias Bey furent tenues; les décisions prises par la première furent annulées, mais la seconde Commission tenue le 25 Juillet, dans la matinée, déclara le tabac saisi et en ordonna la vente.

Cette décision reçut l'approbation de Mr. Scrivenor. On a avisé immédiatement le Chiek Chrétien de la Corporation des Marchands de Tabac (il y en a deux—un Musulman et un Chrétien). Le tabac fut vendu le même jour à partir de 2 P.M. par l'entremise du Chef d'Octroi, à des prix très-bas—P. T. 13 par ocque. Un tiers de ce tabac fut déclaré, par cet employé, comme étant avarié, bien que Morice Bey en en faisant la saisie, l'eût trouvé en bon état, et qu'il eût été accepté par l'octroi sans réserve et sans aucune remarque. La vente aux enchères eut lieu en présence de sept ou huit marchands, et fut approuvée par le Directeur-Général par un ordre auquel n'est attaché aucune date. Avant le soir la consignation de la marchandise fut faite aux acquéreurs, qui pouvaient être la (Commission croit, au moins), en partie les propriétaires primitifs, et le tabac est sorti de la Douane le jour même en vertu d'une autorisation irrégulière donnée par Elias Bey, et dans laquelle il est dit que l'ordre officiel serait envoyé ensuite.

Il ne nous reste plus qu'à ajouter que le 50 pour cent du montant de la dite vente aux enchères fut alloué au dénonciateur, qui devait de son côté régler tous les frais faits par le service des gardes-côtes pour la saisie et pour autres causes.

Que Mr. Shee était de retour à la Douane le 25 Juillet entre 1 heure et 2 heures de l'après-midi; que Elias Bey dit que Mr. Shee l'invita à garder pour la journée ses fonctions de Directeur des Douanes par intérim, attendu que ce dernier ne désirait pas les reprendre ce jour-là, et qu'en cette qualité Elias Bey s'occupait de la vente.

Que Mr. Shee nie absolument cette explication fournie par Elias Bey, et ajoute qu'il reprit les fonctions le 25 Juillet dans l'après-midi, se contentant de dire à Elias Bey de demeurer pour lui faire un Rapport sur ce qui s'était passé durant son absence.

Que Elias Bey rédigea le Rapport dont il est question, mais qu'il n'y fit pas mention, pas plus qu'il n'avait parlé de vive voix avec Mr. Shee, ni de la saisie—malgré le scandale prétendu auquel cette saisie aurait donné lieu—ni de la vente elle-même.

Que Mr. Shee en entendant parler de cette vente le lendemain, d'après son dire, se livra à une enquête sommaire, et le 29 Juillet écrivit à Mr. Scrivenor pour exiger la suspension d'Elias Bey (cette lettre a été envoyée à votre Excellence par notre précédent Rapport), et que le 4 Août, apprenant par la réponse de Mr. Scrivenor que celui-ci se refusait à suspendre Elias Bey de ses fonctions, Mr. Shee rédigea l'adresse à Son Altesse, dont l'original a été fourni de même à votre Excellence, avec le Rapport susdit.

Il y a dans cette affaire plusieurs points culminants :—

(1.) Nous trouvons que le Chef du service de gardes-côtes est informé de cette Convention qui le concerne—non pas par le Directeur-Général des Douanes, comme on devait le supposer, mais bien indirectement par le public.

(2.) Nous trouvons que le Directeur-Général s'éloigne des instructions de Ragheb Pacha, dès la première fois qu'il a à les appliquer, jusqu'à ce point qu'il se dispense de faire intervenir M. le Vice-Consul Comanos, et agit d'après des informations volontairement fournies, et provenant d'une autre source; il donne ainsi naissance à de nouvelles complications.

(3.) Nous trouvons une vente menée avec une hâte extraordinaire, et comme nous devons le croire, contrairement aux règlements en vigueur: ainsi, il n'y a qu'un intervalle de vingt-quatre heures environ entre la décision de la Commission et la vente; la vente a lieu un jour où les opérations de cette nature n'ont généralement pas lieu; ou n'en donne avis qu'à un seul des deux Chieks de la Corporation des Marchands de Tabac; la vente se fait alors que Mr. Shee, en fonctions ou autrement, se trouve personnellement présent, dans le local des Douanes, mais il ne lui est donné aucun avis, directement ou indirectement, de ce qui se passe; le nombre des personnes présentes est très-limité; le prix réalisé très-bas; une partie de ces tabacs est déclarée avariée, alors qu'il est au moins douteux qu'il en était; les actes de vente, approuvés par le Directeur-Général, ne portent aucune date; enfin, le tabac sort des Douanes d'une manière irrégulière.

(4.) Nous voyons Mr. Scrivenor se déchargeant sur Elias Bey de toute responsabilité au sujet des irrégularités qui ont pu se produire, et Elias Bey, à son tour, la rejetant sur le Chef d'Octroi, maintenant en congé, disant que ce dernier était personnellement responsable de la vente.

En un mot, nous trouvons d'une côté un malentendu entre le Directeur-Général et les deux Inspecteurs-Généraux, auquel on pouvait raisonnablement s'attendre à la suite du silence systématiquement tenu par Mr. Scrivenor; tandis que de l'autre côté nous voyons, conséquence de ce système même, une série de transactions très-douteuses, et fort sujettes à caution, le tout jetant un nuage sur la conduite d'Elias Bey et des employés de l'octroi. Ces soupçons continueront et doivent continuer à peser sur Elias Bey et les employés de l'octroi, jusqu'à ce que les accusations primitivement lancées contre Elias Bey n'aient pas été examinées au fond. Ceci, soit dit en passant, ne rentre pas dans les attributions de la Commission, attendu que celle-ci ne s'en est occupée qu'en tant que ces accusations touchent aux actes du Directeur-Général; c'est pourquoi l'enquête à ce sujet n'a été poussée que jusqu'au point où il fallait pour attendre ce but.

Du reste l'expérience acquise dans le cas qui nous occupe, ajoutée à ce que nous a appris déjà le fait de Port Saïd, paraît exclure d'une manière décisive la prolongation du système inauguré par la Convention Ragheb-Comanos. Une publicité parfaite et des délais suffisants sont les seuls moyens d'arriver à des ventes régulières, et de soustraire l'Administration des Douanes aux soupçons de fraude.

12. La Commission passera outre les deux derniers cas, qui n'exigent pas une spécification particulière. Ils se sont présentés sous le régime de la Convention Ragheb-Comanos.

Il n'y a rien de particulièrement digne de remarque dans ces deux cas si ce n'est qu'ils n'ont fait apparemment qu'ajouter au profond malentendu existant entre le Directeur-Général et les deux Inspecteurs-Généraux, à l'irritation qui en était la conséquence de la part du premier, et exposaient le tout à toutes les critiques précédentes.

Dans le cas de Damiette nous trouvons le Directeur-Général et l'Inspecteur-Général donnant des ordres contradictoires au Directeur de cette Douane; et l'Inspecteur-Général l'appelant à Alexandrie pour fournir des explications de sa conduite dans une

affaire que, lui-même, il avait référée au Directeur-Général, comme étant en dehors de sa propre juridiction.

13. Avant d'en venir à une conclusion la Commission appelle l'attention de votre Excellence sur le dossier que concerne M. Taunous, un employé subalterne de la Douane d'Alexandrie.

Elle y trouvera la preuve, comme pour ce qui s'est présenté avec Elias Bey et Saba Bey, du relâchement de discipline qu'on remarque dans l'Administration, aussi bien que des conséquences déplorables qui résultent d'une confiance exagérée, de la part des chefs, dans des employés subalternes. Deux Indiens se plaignaient le 18 Décembre, 1878, que M. Taunous avait sollicité une gratification illicite. Mr. Scrivenor chargea Mr. Shee de s'occuper de cette affaire, et par la suite, durant une absence de ce dernier, il s'en chargea lui-même. Les Indiens qui se trouvaient au Caire furent invités à se présenter. Dans l'intervalle M. Taunous avait reçu l'autorisation (il y avait même été engagé), de se faire défendre durant l'enquête administrative par un avocat, Mr. Scrivenor l'ayant muni d'une lettre pour M. Kirby, ce qui nous paraît un incident des plus extraordinaires.

En voyant la chose tourner ainsi les Indiens naturellement s'abstinrent de se présenter. En dernier lieu Mr. Shee mit fin à cette question en décidant qu'aucune accusation n'avait été prouvée à défaut de témoignage de la part des Indiens.

Pour résumer l'affaire; au lieu de donner aux Indiens toutes les facilités nécessaires, le Directeur-Général autorisa, pour ainsi dire, Taunous à les intimider, en faisant intervenir un avocat en scène, et à parler même d'une action à intenter comme "libel," alors qu'il aurait dû lui-même être l'objet d'une enquête très-rigoureuse.

D'un autre côté, Taunous, acquitté *ex parte* par l'Inspecteur-Général, après que des obstacles insurmontables avait rendu impossible la preuve de l'accusation portée contre lui.

14. La Commission en a terminé ainsi avec ces quelques actes administratifs, qui ont été soumis à son appréciation, comme devant faire ressortir la manière d'agir de l'Administration des Douanes.

Pour en finir avec ce côté de la question, la Commission croit qu'il est du désir du Gouvernement qu'elle formule son opinion sur ce qui résulte pour elle de l'aptitude du Directeur-Général et Inspecteur-Général des Douanes, dans l'exercice de leurs fonctions respectives.

La Commission ne met pas en doute la connaissance intime que possède Mr. Scrivenor de tous les détails de l'Administration Douanière; mais elle regrette d'avoir à déclarer que les transactions qui lui ont été soumises ont fait naître dans son esprit l'impression que Mr. Scrivenor n'est pas doué des qualités nécessaires au chef d'une Administration si importante, particulièrement au milieu des circonstances difficiles qui se présentent dans ce pays.

Il semble à la Commission que ce Directeur-Général a fait preuve, en différentes circonstances, d'une hésitation, d'une timidité, d'une crainte exagérée de responsabilité; de trop de confiance dans des employés subalternes, en même temps qu'il en témoignait fort peu envers des fonctionnaires plus haut placés.

Elle regrette surtout le défaut de fermeté qui le porta, tout en avouant qu'il les désapprouvait, à se prêter à l'exécution de la Convention Ragheb-Comanos, et ayant même l'apparence d'en être l'auteur.

D'un autre côté, la Commission reconnaît que les difficultés de la position de Mr. Scrivenor furent considérablement accrues par l'arrivée de Mr. Shee qui, au lieu de se montrer conciliant, et de chercher à donner son appui à son supérieur, là où son expérience le lui montrait plus faible, s'est pendant de longs mois tenu à l'écart, dans une réserve toujours froide, et parfois hostile. La position de Mr. Shee comme subordonné, et son respect pour la discipline, auraient dû lui inspirer de la prudence, et quelque fussent ses appréciations de la conduite et de la mauvaise manière d'agir de son supérieur, comme Directeur des Douanes, il n'avait d'autre alternative que celle d'obéir; ou s'il craignait que les intérêts du Gouvernement ne fussent compromis, de faire parvenir ses observations à qui de droit par une voie régulière. Il s'est exposé à ce qu'on l'aurait dit de rechercher à augmenter son autorité et son influence, plutôt que de se préoccuper de donner son appui à son supérieur. Entre la faiblesse passive de l'un, et les tendances autoritaires et agressives de l'autre, on ne saurait douter que les intérêts du Gouvernement ont été parfois négligés, et qu'un scandale aussi grand que déplorable ne pouvait qu'en être la conséquence.

Les effets de cette lutte d'autorité se dessinent d'une manière frappante lorsque l'on voit les actes de Saba Bey, Elias Bey, et Taunous, à l'abri de toute enquête. Une preuve parfaite de l'absence presque complète de discipline de l'Administration

ressort aussi de la lettre qu'Elias Bey se permit d'adresser le 6 Octobre à la Commission.

Dans le dernier paragraphe de cette lettre il dit qu'il a (non pas par l'entremise de Mr. Scrivenor mais directement, il peut le remarquer), écrit à Chérif Pacha au sujet des incidents qui se sont produits à l'occasion de la vente des 105 balles, dont nous avons parlé déjà.

Il ajoute que le Président du Conseil l'avait chargé personnellement d'en finir, comme s'il était, lui, le chef responsable de l'Administration de l'Octroi.

Quant à ce qui regarde Mr. Shee, la lettre tout entière témoigne, de la part de son auteur, une tendance à affronter ce fonctionnaire, qui ne saurait s'accorder avec le respect qu'Elias Bey devait, dans une communication officielle, conserver pour un homme dans la position de Mr. Shee, alors même que ce dernier n'était pas son supérieur immédiat.

15. Les membres de la Commission qui ont souscrit dans le Rapport précédent leur opinion sous réserve sur la conduite de Mr. Shee relativement à l'incident du 15 Août, ont maintenant à ajouter ici leur jugement définitif.

Ils sont d'avis que Mr. Shee, ignorant alors les instructions données par Ragheb Pacha, était apparemment intrigué par les faits tout-à-fait exceptionnels qui se passaient autour de lui; qu'il était convaincu qu'il s'agissait de fraude, et dans l'idée que son supérieur était aveuglé par sa confiance dans ses subordonnés, il prit, en s'adressant directement au Khédive, le moyen le plus prompt, mais non pas le moyen régulier, pour mettre au plutôt un terme aux intrigues qu'il soupçonnait.

Il n'a cependant pas prouvé qu'il y avait pour lui nécessité absolue de demeurer à Alexandrie plutôt que de se rendre à Port Saïd. Si on veut lui donner à cet égard le bénéfice d'une circonstance tant soit peu atténuante, il faut la chercher dans la position difficile dans laquelle le système adopté par le Directeur-Général l'avait placé plutôt que dans la valeur des motifs sur lesquels il peut se baser, en disant que s'il avait alors quitté Alexandrie, il y avait tout lieu de craindre le retour immédiat de ce qu'il estimait être du désordre.

Veillez, &c.
(Signé) ISMAÏL, Président.
C. ARA.
A. CAILLARD.
MORICE PACHA.
SAMI.
ALFRED VACHER.
MOUSTAPHA PACHA.
A. COLVIN.

Inclosure 4 in No. 1670.

Third Report of the Custom-house Commission of Inquiry.

Excellence,

Alexandrie, le 13 Novembre, 1879.

LA Commission nommée le 20 Août dernier pour faire une enquête et dresser un Rapport concernant l'Administration des Douanes, a maintenant l'honneur de vous adresser son troisième et dernier Rapport partiel à ce sujet.

Conformément aux instructions de votre Excellence, la Commission s'est occupée dans ses enquêtes précédentes de la partie qui avait trait à la conduite personnelle du Directeur-Général et de l'Inspecteur-Général, ainsi qu'à leurs rapports entre eux, sous le point de vue spécial de certains événements récents.

La Commission expose aujourd'hui les résultats de l'enquête générale que vous l'avez chargée de faire sur cette même Administration des Douanes, depuis qu'elle est passée entre les mains du Directeur-Général actuel.

Cette enquête a porté sur quatre points comme suit:—

1. Recettes et Dépenses.
2. Administration et Organisation.
3. Comptabilité.
4. Contentieux.

Nous traiterons chacun de ces points à son tour; nous étudierons les informations qui nous ont été fournies sur chacun d'eux et nous enregistrons enfin, point par

point, les conclusions auxquelles cet examen nous a conduits, ainsi que l'opinion que la Commission désire soumettre à la haute considération du Gouvernement.

Recettes.

Les recettes brutes des douanes (que nous distinguons de l'octroi), à partir de l'année 1876 jusqu'à l'année 1878 inclusivement, pour l'importation et l'exportation (il font remarquer que l'entrée en fonctions de Mr. Scrivenor date du 1^{er} Janvier, 1877, seconde année de comparaison), s'élèvent aux chiffres suivants. La Commission n'a pu obtenir des chiffres sûrs pour servir de comparaison avant l'année 1876 :—

								P. T.
1876	..	..	..	..	..	..	..	50,560,809
1877	..	..	..	..	..	..	..	50,346,078
1878	..	..	..	..	..	..	..	48,865,001

Il y a donc eu une légère différence en moins d'années; celle entre les deux années extrêmes, 1878 et 1876, s'élève à P. T. 1,695,808.

Les recettes des neuf premiers mois de la présente année 1879 sont de P. T. 36,838,474. Si nous ajoutons à cette somme pour les trois mois restants une recette mensuelle moyenne de P. T. 4,426,289 (correspondant à la moyenne des trois derniers mois de 1878), nous avons un revenu probable pour l'année 1879 de P. T. 50,117,341.

Ce dernier total, basé en partie sur le dernier trimestre de 1878, qui fut d'un rendement aussi médiocre que les trois mois correspondants de l'année précédente promettent d'être satisfaisants, ne saurait être qu'un minimum.

La Commission considère comme certain que si les droits de douane continuent à être rigoureusement évalués et perçus, les recettes actuelles pour 1879 seront de beaucoup plus élevées que celles des années précédentes. Les recettes pour le mois d'Octobre 1879 s'élèvent à P. T. 5,397,392, contre P. T. 4,413,779 de l'année passée.

Cette somme de P. T. 50,117,341 comme celles des années susmentionnées, est le total des droits d'importation et d'exportation.

Afin d'apprécier comme il convient la portée de ces chiffres, il nous font indiquer séparément les sommes différentes à l'un et à l'autre de ces chapitres.

Les recettes brutes d'importation sont pour—

								P. T.
1876	..	..	..	..	..	..	..	32,682,825
1877	..	..	..	..	..	..	..	33,276,206
1878	..	..	..	..	..	..	..	37,671,871

Il en résulte une augmentation de P. T. 4,989,046 pour la dernière année sur les recettes de 1876.

								P. T.
Les neuf mois de 1879 donnent	..	..	..	..	..	..	..	26,561,706
Si nous ajoutons	..	..	..	..	..	..	..	10,014,759
(Équivalent à la recette des trois mois de 1878)								
Nous arrivons à un total de	..	..	..	..	..	..	..	36,576,465

Ceci nous donne une légère diminution en comparant avec 1878, mais une augmentation importante par rapport à l'année 1876.

Les recettes véritables seront selon toute probabilité plus élevées, attendu que les derniers mois de 1879 promettent mieux que ceux de l'année 1878.

Les importations cependant pour le mois d'Octobre dernier ont été de P. T. 3,131,538 contre P. T. 3,441,226 en 1878, n'indiquant aucune augmentation jusqu'ici.

Les recettes d'exportations sont pour—

								P. T.
1876	..	..	..	..	..	..	..	14,619,153
1877	..	..	..	..	..	..	..	14,116,747
1878	..	..	..	..	..	..	..	9,621,646

Le résultat est une diminution, comparée avec 1876, de P. T. 4,997,507, somme presque équivalente à l'augmentation dans les recettes d'importation.

								P. T.
Les premiers neuf mois de 1879 ont donné	..	..	..	..	..	..	..	8,276,741
Si nous y ajoutons une somme de	..	..	..	..	..	..	..	3,264,108
(Équivalent à la recette des trois derniers mois de 1878)								
Nous aurons un total probable de	..	..	..	..	..	..	..	11,540,849

Ceci est mieux qu'en 1878, mais c'est encore une forte diminution comparablement aux années antérieures. Il est à supposer pourtant que le transit d'exportation durant les derniers trois mois de 1879 sera beaucoup plus actif qu'en 1878, et conséquemment que les recettes seront proportionnellement plus importantes.

Les exportations pour le mois d'Octobre dernier ont été de P. T. 2,265,854, contre P. T. 972,553 de l'année dernière.

On aura vu ainsi, en considérant les chiffres de ses deux chapitres, que l'Administration actuelle de la Douane a réalisé pour l'importation une forte augmentation.

Il est juste, pour apprécier ce fait, de rappeler que les deux années 1877 et 1878, cette dernière particulièrement, furent des années de grand déclin pour le commerce.

En 1877 les eaux du Nil restèrent extraordinairement basses. En 1877 comme en 1878 il y eut la guerre, avec ses effets désastreux pour le commerce, les embarras financiers qui conduisaient aux difficultés survenant lors du paiement du coupon de Mai pour la Dette Unifiée en 1878, en fin de compte, la surtaxe considérable levée pour couvrir les frais de guerre. *Prima facie*, nous devons nous attendre à une diminution dans le rendement des droits de Douane, en rapport avec le ralentissement des affaires aux mauvaises époques. En pareil temps, en effet, les articles de luxe (qui relativement sont les articles de valeur le plus élevé) étant les premiers à diminuer, on se serait attendu à trouver aussi une diminution plus forte, en proportion, que celle que l'on remarque dans la quantité mentionnée pour l'importation.

La Commission n'a malheureusement pas pu se procurer des chiffres sûrs indiquant exactement quelles ont été les quantités de ces différents articles importés en 1876, de façon à pouvoir les comparer avec les chiffres qui figurent dans les Tableaux annexés aux Rapports annuels de Mr. Scrivenor pour 1877 et 1878.

Dans un Tableau dû à l'obligeance de MM. Moss et Cie., la Commission trouve l'importation du charbon de terre pour l'année 1876, évaluée à 284,261 tonneaux, contre 231,000 tonneaux en 1878, ce qui indiquerait une différence en moins de 53,261 tonneaux, soit environ 19 pour cent. Mais ces chiffres ne représentent, il faut croire, qu'une partie de l'importation du charbon durant les années dont il s'agit, puisque dans le Rapport de l'Administration des Douanes pour l'année 1878, les charbons qui payèrent un droit d'entrée s'élèvent à 556,298 tonnes.

A défaut de chiffres exacts la Commission ne peut fournir la preuve des considérations générales qu'elle a indiquées. Elle admet, cependant, le fait que, comparées avec 1876 les années pour le commerce, et que l'augmentation des recettes dont le Gouvernement a néanmoins profité durant les dites années, doit être attribuée à une évolution beaucoup plus efficace que celle des époques antérieures. Ce qui revient à dire que si, dans le courant de mauvaises années, et malgré la diminution dans la somme des marchandises importées, les recettes furent plus fortes, on doit forcément conclure, ou que l'évaluation des marchandises en général est de beaucoup trop élevée, ou que cette même évaluation était précédemment beaucoup trop basse. Les témoignages fournis à la Commission, comme on le verra plus loin dans ce Rapport, sont unanimes en faveur de cette seconde appréciation.

Pour ce qui est de la diminution dans les recettes de l'exportation, on doit ne pas perdre de vue que, non-seulement cet état de choses doit être attribué aux circonstances contraires, dont il a été fait mention dans le paragraphe précédent, mais encore à ceci, que l'exportation des fèves, article important dans le commerce du pays, a été durant plus de six mois de l'année 1878 absolument prohibée. Les exportations en 1878 ont pu encore diminuer d'importance par suite de la nécessité de fournir au déficit des dépôts dans le pays même, résultant de la mauvaise récolte de 1877. Mais ici encore les Tableaux que MM. Moss et Cie. nous ont fournis, nous sont utiles. Ils enregistrent, par exemple, l'exportation pour le coton en 1878 comme ayant été de 280,405 balles seulement, contre 493,647 balles en 1876. D'autres articles sont comme suit :—

					Blé.	Fèves.	Orges.
					Ard.	Ard.	Ard.
1876	..	..	..	..	903,437	1,043,967	151,296
1878	..	..	..	..	67,443	226,163	Nil

Ces Tableaux nous donnent en outre la moyenne mensuelle du fret par steamer à destination de Liverpool comme ayant été, par tonne de 40 pieds cubes, de 17. environ [1260]

en 1876, contre 14s. en 1878; 176 steamers de commerce Anglais ont quitté Alexandrie pour la Grande Bretagne et l'Irlande durant 1878, contre 313 en 1876.

Ces faits expliquent suffisamment la forte diminution dans les recettes de l'exportation, et nous disent pourquoi, nonobstant l'augmentation constatée dans l'importation, le total des revenus est inférieur à celui de l'année 1876.

Le second chapitre des revenus est l'octroi; les chiffres sont pour—

								P. T.
1876	..	..	..	..	..	..	..	12,532,524
1877	..	..	..	..	..	..	..	9,900,846
1878	..	..	..	..	..	..	..	5,691,910

il y a donc ici une diminution de P. T. 6,840,614.

Durant les premiers neuf mois de l'année 1879 les recettes s'élèvent à P. T. 4,333,141. Si nous prenons ce résultat pour faire la moyenne de trois mois qui restent, nous arrivons à une recette probable de P. T. 5,718,854, soit une légère amélioration par rapport à 1878.

Les recettes pour le mois d'Octobre dernier ont été P. T. 409,929, contre P. T. 724,804 en 1878.

Mais il y a une chose à remarquer ici; l'octroi sur les tabacs a été abaissé à partir du commencement du mois d'Avril 1879, de P. T. 20 à P. T. 5 par ocque. Ce n'est donc pas assez de comparer les recettes seulement, il nous faut avoir une idée de la quantité des tabacs importés durant les dernières deux années. Les chiffres qui suivent nous renseigneront à cet égard :—

				1878.	1879.
				Ocques.	Ocques.
Avril	..	..	..	10,009	193,310
Mai	..	..	..	10,648	71,127
Juin	..	..	..	16,330	107,666
Juillet	..	..	..	19,385	82,042
Août	..	..	..	34,783	78,017
Septembre	..	..	..	38,562	43,933
Total	..	..	..	135,657	580,095

En Octobre dernier la quantité importée était 83,986 ocques, contre 86,240 ocques en Octobre 1878.

On voit donc qu'il y a eu une augmentation très-considérable sur la quantité des tabacs importés. Le tabac saisi en contrebande n'est pas compris dans les Tableaux ci-dessus.

On remarquera que la quantité de tabac passée en Douane en 1879 est déjà plus grande que celle qui paya les droits en 1876: 626,636 ocques en 1876 pour une somme de P. T. 1,253,252, tandis que jusqu'à la fin de Septembre 1879 seulement nous avons 651,777 ocques pour une somme de P. T. 4,334,141.

Pourquoi donc les revenus de l'octroi en 1877 sont-ils si peu en rapport avec ceux de l'année 1876? Pourquoi sont-ils encore en diminution en 1878 comparativement à 1879?

Les recettes de 1876 paraissent avoir été des recettes moyennes, mais les fluctuations dans les revenus pour le tabac, durant les années précédentes, sont extrêmes, à un tel point, que toute comparaison serait hasardeuse.

Le Gouvernement d'Alexandrie a fourni à la Commission les chiffres suivants pour les années cophites qui correspondent avec Septembre 1873 à Septembre 1874, et Septembre 1874 à Septembre 1875.

Ces chiffres sont :—

								P. T.
1873-74	..	..	..	..	..	..	..	5,399,127
1874-75	..	..	..	..	..	..	..	18,947,085

Ce qui nous donne une moyenne de P. T. 12,173,101, ou à peu de chose près les recettes de 1876. Ces notes donnent aussi les recettes pour trente jours de l'année 1875 (de Septembre à Novembre) en P. T. 4,509,780) soit proportionnellement une recette annuelle d'environ P. T. 20,000,000.

En admettant les recettes effectuées durant l'année 1876, comme n'étant pas pour le moins en sus de la moyenne, voici les raisons que nous ont été données pour expliquer la diminution progressive des années 1877, 1878, et 1879 :—

1. Que le marasme dans lequel se trouvait le commerce, et les mauvaises récoltes de 1877 et 1878, firent sentir leurs effets aussi bien sur la consommation de tabacs que sur tous les articles d'importation.

2. Qu'une taxe spéciale pour frais de guerre de 10 pour cent, soit P. T. 2 fut ajoutée au droit de P. T. 20 par ocque, à partir du 25 Mai, 1877, et fut maintenue jusqu'au 3 Juillet, 1878; ce qui fut une nouvelle cause de découragement pour le commerce licite, et donna un nouvel élan à la contrebande.

3. Que, alors que le Tarif fut abaissé à P. T. 5 par le Décret du mois de Mars 1879, le taux du "laisser passer" (raftieh) à payer à la Turquie pour les tabacs exportés de son littoral à destination de l'Egypte était de P. T. 2 en argent, soit P. T. 8 en papier-monnaie. Après le Décret, pourtant, ce taux fut porté par l'Administration Turque à P. T. 8 en argent.

4. Que le service des gardes-côtes fut réduit durant l'année 1879, quoique les circonstances dont il a été parlé plus haut continuaient à favoriser la contrebande.

5. Que la culture dans l'intérieur du tabac indigène n'est pas taxée, ainsi qu'elle aurait dû l'être en conformité avec le Décret du 29 Mars, 1879, et conséquemment une condition importante de la décision prise, essentielle à son succès financier, a été négligé.

6. Que, aussitôt qu'on vint à apprendre que les droits seraient abaissés de P. T. 20 à P. T. 5 (c'est-à-dire vers la fin de 1878 et le commencement de 1879) les négociants à l'importation suspendirent leurs opérations pour profiter de la prochaine diminution du Tarif. On a la preuve qu'il en fut ainsi par le chiffre considérable des importations en Avril 1879.

La Commission croit probable que les causes énoncées ci-dessus expliquent, jusqu'à un certain point, la diminution que l'on constate dans cette importante branche de revenue. Il est probable en outre que les ordres de son Excellence Ragheb Pacha, objet du précédent Rapport de la Commission, en contrariant la marche ordinaire du trafic autorisé, empêchèrent l'entrée d'une quantité de tabac beaucoup plus grande que celle qu'ils firent admettre, et par conséquent que, sans les ordres dont il s'agit, les recettes depuis le mois d'Avril eussent été plus importantes.

Ces ordres commencèrent à être mis à exécution à dater de la fin de Juillet, et depuis lors se produit une diminution progressive dans la quantité du tabac importé, néanmoins, comme on le verra maintenant, la Commission comprend que d'autres motifs peuvent expliquer cette diminution.

Par la force des circonstances, les ordres de Ragheb Pacha, après avoir jeté l'alarme dans le trafic licite, restèrent en grande partie sans effet.

Les détenteurs du tabac déposé à Malte, voyant que les arrangements qu'ils avaient en vue sont laissés en suspens, s'efforcèrent, dit-on, de les faire entrer en contrebande sur la côte-ouest, où le service des gardes-côtes, tel qu'il a été réduit, ne peut les saisir.

Il peut être de quelque utilité d'examiner plus en détail, les effets des circonstances qui ont été signalées en paragraphes 3 à 6.

Ces circonstances seront probablement d'une certaine durée, tandis que il n'en est pas ainsi des autres motifs.

Le Gouvernement Turc, comme on l'a dit, prenait d'abord en papier-monnaie l'équivalent de P. T. 8, soit P. T. 2 en argent, mais en prenant aujourd'hui P. T. 8 en argent, il a augmenté la raftieh de 400 pour cent. Ces changements se produisirent presque en même temps que la réduction des droits d'octroi en Egypte.

Nous basant sur un calcul soumis au Ministère des Finances par Mr. Scrivenor dans son mémorandum du 5 Janvier, 1878, nous trouvons le compte de coût et net produit, pour l'importation des tabacs, à cette époque, établi de la sorte :—

								P. T.
Droits Egyptiens	..	..	..	..	..	..	..	20
Droits en Turquie	..	..	..	..	..	..	..	2
Frais	..	..	..	..	..	..	..	10
Total	..	..	..	..	..	..	..	32
Moyenne de la valeur du tabac, P. T. 34.								

Maintenant ce compte serait ainsi :—

								P. T.
Droits Egyptiens	..	..	..	..	..	..	..	5
Droits en Turquie	..	..	..	..	..	..	..	8
Frais	..	..	..	..	..	..	..	10
Total	..	..	..	..	..	..	..	23

Mais la moyenne du prix du tabac ne saurait plus être P. T. 34; il y a eu une baisse considérable depuis 1878.

Les deux qualités de tabac qui sont principalement importées, sont les "kurani" et "souri." Les prix moyens de ces tabacs en 1878 et 1879 sont donnés, dans des notes fournies à la Commission, comme suit :—

	1878.	1879.
	P. T.	P. T.
"Kurani"	28 à 38	20 à 25
"Souri"	26 à 28	19 à 21

Si ces chiffres sont à peu près exacts, il ne peut y avoir qu'un léger bénéfice de l'importation des tabacs "kiuriani," et aucune dans celle des tabacs "souri."

La base sur les prix du tabac, et l'augmentation des droits en Turquie, ont porté les choses au point où elles étaient au commencement.

Il est possible que le prix du tabac augmente de nouveau, mais puisque là il y a de bonnes raisons de craindre qu'il sera plus avantageux de faire la contrebande que de payer les droits de douane, et que le service des gardes-côtes, tel qu'il se trouve constitué, continuera à ne pas suffire pour la répression de la contrebande. Il est vrai que la grande quantité de tabac importée depuis Avril 1879 paraît contraire à cette supposition, mais d'un côté, il n'est pas clairement établi à quelle époque le prix du tabac a commencé à baisser en 1879, jusqu'au point où les bénéfices du commerce autorisé ont été dangereusement atteints; et de l'autre nous avons sous les yeux les chiffres qui prouvent que depuis le commencement d'Août il y a eu une diminution marquée dans l'importation du tabac.

La Commission, considérant les circonstances exposées dans les paragraphes précédents, est amenée à conclure que la diminution considérable dans les recettes de l'octroi est due, en grande partie, à des causes qui étaient en dehors de tout contrôle de la part de l'Administration.

Ces causes sont :—

1. La surcharge du 10 pour cent sur les droits en 1877-78.
2. L'Augmentation plus tard par la Turquie des droits de raffiech.
3. Le défaut de mise en exécution de la clause du Décret de Mars 1879, relative à la taxe sur la culture du tabac indigène.
4. La baisse récente sur le prix du tabac qui affecte les profits du commerce licite.
5. La réduction dans le personnel du service des gardes-côtes, en vue d'un abaissement du Tarif, qui ne fut d'aucun effet par suite de la mesure prise par le Gouvernement Turc.
6. L'état peu satisfaisant du commerce en général, et la réduction sur la demande des articles de consommation en 1877-78.

La Commission a été informée (mais elle ne reproduit que sous réserve cette assertion, dont elle n'est pas à même de contrôler) que dans les premiers temps les tabacs sans être accompagnés de raffiechs étaient assez fréquemment admis, par suite d'un accord avec les contrebandiers, moyennant le simple paiement du droit d'octroi, ou quelque chose en moins. Si ceci est vrai, toute comparaison avec les années avant 1877 ne conduirait à aucun résultat.

L'assertion dérive quelque apparence de vérité du fait que le droit de P. T. 20 était perçu durant ces années, alors qu'il est admis qu'en de telles conditions un profit était difficile pour le commerce licite, et alors que, d'un autre côté, on peut dire que le service des gardes-côtes, en tant que service de répression efficace, existait à peine.

La Commission passe maintenant des revenus au chapitre des frais.

Les chiffres qui lui ont été soumis par la Direction Générale des Douanes sont à cet égard comme suit :—

Années.	Salaires.	Dépenses.
	P. T.	P. T.
1876	2,654,162	598,974
1877	3,015,754	693,409
1878	2,906,220	965,621

Il y a donc, comparé avec 1876, une augmentation comme "salaires" de de P. T. 252,058, et comme "dépenses" de P. T. 366,647, soit en tout, P. T. 618,705.

Pour les premiers neuf mois de 1879, nous avons—

Salaires	..	..	..	..	..	..	..	..	P. T.
Dépenses	..	..	..	..	..	..	..	..	2,493,228
									615 218

En appliquant la moyenne de ces neuf mois aux trois mois qui restent, nous avons—

Salaires	..	..	..	..	..	..	..	..	P. T.
Dépenses	..	..	..	..	..	..	..	..	3,324,303
									820,289

Le résultat total est donc que, avec un revenu des douanes presque stationnaire durant les dernières quatre années, nous avons une augmentation d'environ 24 pour cent par rapport à 1876. Le pour cent des salaires pour 1879 en comparaison avec le revenu sera entre 6 et 7 pour cent. Les recettes des trois derniers mois de la présente année peut rendre la proportion un peu moindre, en élevant le chiffre des revenus, mais l'augmentation des dépenses doit de toutes manières appeler notre attention.

L'accroissement considérable des salaires entre 1876 et 1878 s'explique en partie par le chiffre des appointements alloués à Mr. Scrivenor et à Mr. Shee, en partie par la réorganisation de l'Administration, entraînant une augmentation des salaires en général, comme moyen de mettre les employés à l'abri de toutes les tentations auxquelles ils sont particulièrement sujets dans un service de douanes.

La forte augmentation de 1878 à 1879 dérive d'un projet de changement dans les établissements des Douanes locales, projet sanctionné par Mr. Wilson, sur les instances de Mr. Shee, mais comme on l'assure à la Commission, contrairement à l'avis de Mr. Scrivenor.

L'accroissement de "dépenses" provient en grande partie des nécessités des constructions, changements, divisions, et réparations—nécessités qui n'existent plus. On s'attend à ce que, pour l'avenir, les frais de cette nature seront de beaucoup diminués.

La question de l'urgence d'un accroissement si considérable des salaires est un point que la Commission se sent quelque hésitation à traiter. Il y a certainement des tentations exceptionnelles dans certains emplois des Douanes, tels que visiteurs, estimateurs, et inspecteurs. Mais on peut tomber dans l'erreur dans un autre sens. Nous avons vu, dans notre premier Rapport, comment le salaire de Saba Bey fut augmenté en 1878 et à partir du commencement de 1879. Mais les forts beaux appointements qui lui furent alloués en 1879 ne l'empêchèrent pas de mettre la main sur l'argent qui lui avait été confié en Août de la même année.

Nous avons vu de même Elias Bey et Taunous Effendi, en dépit des amplies salaires dont ils étaient gratifiés (600l. pour le premier et 420l. pour le second), tomber sous le soupçon d'agissements répréhensibles.

La Commission est d'avis qu'il convient que des employés occupant des postes en butte aux tentations pécuniaires dans l'Administration des Douanes, soient sensiblement plus rétribués que des employés de la même classe moins exposés à la tentation; mais c'est une erreur, comme il a été prouvé dans au moins un des cas qui précèdent, de supposer que des salaires exagérés sont une garantie d'honnêteté. Un contrôle efficace, joint à des appointements suffisants et raisonnablement généreux, est la sauvegarde la plus propre contre les abus.

La Commission est disposée à croire qu'on a été enclin à perdre de vue cet axiome, et à y substituer une trop grande confiance dans la pure efficacité d'appointements élevés, sans prendre suffisamment en considération les intérêts fiscaux du Gouvernement.

Elle est, en outre, décidément d'avis que, en considération de la position financière de l'Administration des Douanes durant les trois dernières années, les salaires n'auraient dû être augmentés qu'à l'égard de ceux des employés qui étaient évidemment rétribués d'une manière insuffisante soit à cause de leurs fonctions, soit à cause des occasions qu'ils avaient d'être induits en faute, et que, même pour le salaire de ces derniers, on aurait dû régler cette augmentation dans la mesure des appointements de leurs collègues dans les autres branches du service.

A défaut d'un service public en Egypte organisé et gradué, cette répartition eut présenté quelques difficultés, mais c'est là le principe qui doit guider un chef de service pour le chiffre des salaires à fixer. La Commission croit que la gradation des salaires et la position des employés pourraient être de nouveau étudiées dans le sens des remarques qui précèdent, en ayant soin de favoriser plutôt que de porter préjudice aux divers employés.

La Commission examinera maintenant les "dépenses" relatives au service des gardes-côtes.

Les salaires et frais de ce service durant les trois dernières années ont été :—

Années.				Salaires.	Frais.	Total.
				P. T.	P. T.	P. T.
1876	..	..	..	178,732	67,589	246,322
1877	..	..	..	446,787	265,859	712,646
1878	..	..	..	551,354	1,209,785	1,751,139

La Commission apprend de Mr. Scrivenor que les frais pour 1877 et 1878 sont attribuables en partie à des constructions, en partie au relevé de la côte occidentale pour établir des stations afin d'empêcher la contrebande, et en partie à divers autres objets. Mais en 1878, par suite de difficultés budgétaires, une portion considérable de la somme passée comme frais fut à tort enregistrée dans ce chapitre au lieu de figurer au débit du compte "salaires."

Il sera donc préférable de nous occuper des totaux seulement.

Pour la présente année 1879, la Commission est informée que le prix du service des gardes-côtes doit se borner en totalité à 15,000l., soit P. T. 1,462,500.

Nous avons donc une augmentation dans le total des frais de ce service, entre l'année 1876 et l'année 1879 (de P. T. 246,322 à P. T. 1,462,500) de 500 pour cent en chiffres ronds.

Mais en diminution du prix total du service des gardes-côtes, on peut passer à son crédit la valeur nette des saisies qu'il opère, c'est à-dire après réduction de la récompense qui lui est accordée.

La valeur brute des saisies est approximativement indiquée dans les chiffres suivants présentés à la Commission par Morice Bey.

La Commission s'en est tenue de préférence aux chiffres fournis par la Direction Générale des Douanes, par la raison que la susdite note indique la valeur approximative d'une très-grande quantité de tabacs qui n'ont pas encore été vendus, et par le compte-rendu par conséquent qui ne sont pas indiqués dans le compte-rendu par Mr. Scrivenor, bien que la majeure partie ait été saisie depuis longtemps. Les données qui suivent répondent par conséquent mieux à notre but :—

Années.				Valeur Brute.	Récompenses.	Valeur Nette attribuable au Gouvernement.
				P. T.	P. T.	P. T.
1877	..	..	..	364,863	54,729	310,134
1878	..	..	..	1,887,311	749,904	1,137,407
1879 (neuf mois)	..	..	..	966,441	386,576	579,865

nous trouvons ainsi :—

Années.				Prix Total du Service des Gardes-Côtes.	Valeur Nette Payée au Gouvernement.	Prix Net du Service des Gardes-Côtes.
				P. T.	P. T.	P. T.
1877	..	..	..	712,646	310,134	402,512
1878	..	..	..	1,761,139	1,137,407	623,732
1879 (neuf mois)	..	..	..	1,224,050	579,865	644,185

Mais il y a eu du tabac vendu en Septembre dont le montant n'est pas compris dans la somme ci-dessus de la "valeur nette des saisies," et qui réduit [?] encore quelque peu le prix net du service des gardes-côtes.

La véritable moyenne du prix net du service des gardes-côtes depuis 1876, époque à laquelle commença sa sérieuse réorganisation, peut donc être estimée à environ P. T. 650,000 par an. Son budget annuel pour l'avenir, à la suite du projet de la diminution des droits d'octroi, a été fixé à 5,000l. par an.

En considérant les données ci-dessus, ce qui frappe tout d'abord notre attention est que l'augmentation du prix net du service des gardes-côtes a été d'environ 60 pour cent,

et qu'il y a eu pourtant une diminution considérable dans les recettes de l'octroi. On verra de même qu'en 1877 le prix net de ce service des gardes-côtes représentait le 56 pour cent du prix total; en 1878, le 35 pour cent; et pour les neuf mois de 1879, le 52 pour cent.

Le montant des saisies fut en 1878 près de six fois aussi fort que celui de 1877; pourtant, bien que le prix net du dit service fut en proportion de 21 pour cent de moins, il coûta au Gouvernement, dans le fait, 50 pour cent de plus. Les recettes de l'octroi tombèrent durant cette année de 1878 de P. T. 9,900,846, à P. T. 569,910, soit de plus de 40 pour cent.

De manière qu'il semblerait à première vue qu'à l'époque le service des gardes-côtes était dans sa plus grande activité, les recettes de l'octroi tombèrent davantage; ce qui est précisément le contraire de ce à quoi on devrait naturellement s'attendre.

Les remarques de la Commission dans le paragraphe 7 peuvent dissiper cette apparente contradiction. L'année [?] fut celle durant laquelle une taxe pour frais de guerre fut perçue sur les tabacs, comme sur d'autres articles. Ce fut donc une année favorable pour la contrebande, et tandis que ceci explique d'un côté les importantes saisies, il nous fournit de l'autre les motifs jusqu'à un certain point de la diminution des recettes de l'octroi. Le développement du montant des saisies est certainement dû, dans une grande proportion, au développement du service des gardes-côtes, qui eut lieu cette année, ainsi qu'à l'énergie et à l'activité déployées par Morice Bey, qui fut chargé de le diriger depuis la seconde moitié de 1877.

La diminution des recettes ordinaires peut aussi être attribuée à l'état généralement peu satisfaisant du [?] en 1878.

Enfin, pour ce qui est de la comparaison entre le [?] de revient et des recettes, il faut se rappeler qu'une partie considérable des dépenses en 1877 et 1878 dérivèrent des nécessités de réparations et de constructions, achat de chevaux, relevé de la côte occidentale, et frais qui, dans les années à venir, seront grandement diminués.

Quant à l'année 1879, il y a encore des considérations faciles à comprendre qui expliquent la proportion plus élevée entre le prix total et le prix net du service des gardes-côtes. En conséquence, des arrangements proposés par Mr. Wilson en Avril, et du plan modifié, adopté par son Excellence Ragheb Pacha en Juin, les contrebandiers se tinrent à l'écart dans l'espoir d'arriver à une entente avec le Directeur-Général des Douanes. Puis, comme nous l'avons vue, la réduction sur le Tarif eut pour conséquence l'entrée d'une quantité beaucoup plus considérable de tabacs qui payaient les droits.

Ce qui précède explique le petit nombre des saisies et l'accroissement dans la proportion du prix net du service des gardes-côtes. Le prix brut est néanmoins en diminution.

La situation en ce qui concerne les gardes-côtes est à cette heure critique. Il y a d'abord le tabac de contrebande resté dans les dépôts de la Méditerranée; Mr. Scrivenor en évalue l'importance à 600,000 ocques, dont un sixième environ, dit-il, est entré en Douane, conformément à vos ordres du 19 Juin [?] dernier.

Ces ordres ayant été ensuite révoqués les contrebandiers essaieront certainement de faire entrer leur tabac en fraude, et les gardes-côtes auront à mettre en outre toute leur énergie pour empêcher une certaine partie de passer. En second lieu, le personnel des gardes-côtes a été diminué en prévision d'un accroissement du trafic autorisé qui devait suivre la réduction des droits d'octroi. Mais des incidents sont survenus—la décision prise par la Turquie et la baisse du prix des tabacs—qui rendent très-douteux si la réduction des droits aura l'effet auquel on s'attendait.

Nous voyons déjà en Août et Septembre le montant mensuel du tabac importé très-sérieusement amoindri, tandis que les importations en Octobre sont loin d'être rassurantes. Il est impossible, pour le moment, de dire quel sera l'effet définitif sur les opérations de contrebande du Décret de 29 Mars, 1879. On peut ajouter à cela que le tabac indigène, dont on calcule qu'un dixième seulement paie les droits, n'est pas encore taxé, entre activement en concurrence avec le tabac d'importation étrangère, ce qui diminue d'autant les bénéfices du trafic licite.

Le moment semblerait à la Commission mal choisi pour une nouvelle réduction des forces des gardes-côtes. Le commerce des tabacs traverse une crise dont on ne peut prévoir encore l'issue. Le système convenable à suivre serait, selon toutes les apparences, de mettre à exécution dans toute son intégrité le Décret du 29 Mars, 1879, si on est décidé de maintenir cette décision, et de suspendre quelque modification, que se soit dans le service des gardes-côtes, jusqu'à ce que l'on puisse se rendre compte des résultats de cette décision dans son ensemble.

Il est un point sur lequel nous devons dire quelques mots en rapport avec cette

partie de notre sujet. En 1878 Mr. Scrivenor proposa et obtint une augmentation sur la quantité des récompenses accordées aux gardes-côtes de 15 à 40 pour cent sur la valeur des marchandises saisies.

Dans le fait, jusqu'à ces derniers temps, comme nous l'avons dit dans notre dernier Rapport, on ne leur a alloué que le 36 pour cent au lieu du 40 pour cent.

Le Directeur-Général a observé que dans aucun pays les sommes provenant de la vente des tabacs saisis ne sont passées au compte des revenus, et que, en Turquie, la moitié de la valeur de la marchandise est donnée au dénonciateur. Mais le point culminant de l'argument de Mr. Scrivenor revenait à ceci, qu'il y aurait fortement à craindre, si le Gouvernement ne créait pas chez les subordonnés des services des gardes-côtes un intérêt déterminé à saisir les tabacs de contrebande, que les contrebandiers ne leur fournissent un intérêt tout aussi sérieux à les laisser agir.

Les risques personnels à courir de la part des gardes-côtes sont souvent très-sérieux ; les contrebandiers, tant Européens qu'indigènes, sont armés, et n'hésitent pas à se servir de leurs armes. On ne peut s'attendre à ce que les gardes-côtes s'exposent volontairement à de tels dangers, s'ils n'ont pas l'espoir d'une participation sur la valeur de la saisie ; quant aux contrebandiers, ils ne sont que trop disposés à payer largement la complaisance des autres pour éviter tous risques et toute lutte.

Le prix net du service des gardes-côtes durant 1878 et 1879 aurait été infiniment inférieur, si, comme d'usage jusqu'en Avril 1877, on ne leur eut alloué que 15 pour cent, et si avec cette proportion dans la récompense ils avaient effectué des saisies aussi importantes. Mais il est fort peu probable pour les motifs mentionnés ci-dessus qu'il en eût été ainsi.

La Commission comprend qu'en Europe la valeur des marchandises saisies en contrebande ne soit pas passée dans le compte-rendu. Dans le système adopté en Egypte de faire participer ce compte-rendu aux profits des saisies, on court le risque de diminuer le nombre de ces saisies, et par conséquent d'aller contre l'objet en vue, en encourageant la contrebande et décourageant les gardes-côtes.

La Commission en vient maintenant au second point de l'enquête.

Administration et Organisation.

L'entrée en fonctions de Mr. Scrivenor date, comme on l'a déjà dit, du 1^{er} Janvier, 1877, et celle de Mr. Archer Shee, du 12 Avril, 1878.

Le premier avait donc occupé le poste de Directeur-Général depuis deux ans et huit mois, alors que la Commission commença la présente enquête ; le second fonctionnaire était en place depuis un an et quatre mois.

Mr. Scrivenor croit avoir le droit de dire qu'il a introduit et organisé un Bureau Européen, correctement constitué, (ce qui doit être considéré comme indispensable, dans une Administration ayant affaire avec une communauté marchande Européenne et chargé de la rédaction et du contrôle des statistiques de commerce).

Il a aussi, la Commission le remarque, porté une grande attention à la visite stricte et à l'évaluation des marchandises, choses qui, lorsqu'il entra en fonctions, avaient besoin d'une profonde réforme.

Il a, avec l'aide de Morice Bey, organisé un service de gardes-côtes, et réduit considérablement le trafic de la contrebande dans ce port et les environs d'Alexandrie—trafic qui avait prit des dimensions formidables. Il a introduit une variété d'améliorations, de moindre importance, dans l'intérêt du public, et dont il fait l'énumération dans le mémorandum non daté qui accompagne notre Rapport.

Il conseilla et obtint la réduction du Tarif d'Octroi. Il a fait le projet d'un établissement de Douanes locales au Caire, et il a introduit un règlement pour entreposer les marchandises débarquées à Port Saïd *ad interim*, dans le local des Douanes au lieu des dépôts particuliers.

Ces deux dernières dispositions ont reçu l'approbation des Ministères à l'époque, mais elles sont encore laissées en suspens.

Pourtant, en dehors de ces réformes et de ces projets nous voyons que, jusqu'à l'arrivée de Mr. Shee, l'organisation intérieure des Douanes avait peu changée. Un certain nombre de dispositions concernant les branches secondaires de l'Administration avaient été rédigées et soumises à l'approbation des Ministres ; mais après cela il paraît qu'on a négligé de s'en occuper davantage.

Quelques-unes de ces dispositions prêtaient à la critique comme sujettes à placer les Douanes en contradiction avec les capitulations ; tel était, par exemple, le projet de visite à bord des navires, inscrit sous le No. 4, dans les pièces ci-jointes.

D'autres, comme le No. 3, étaient de toute urgence et auraient dû être rappelées à l'attention des Ministres jusqu'à ce que leur assentiment eût été obtenu.

Mais ces projets étaient plus ou moins étudiés d'une manière insuffisante, attendu qu'ils n'avaient pour bases ni la comparaison ni l'analyse des règlements en vigueur, pas plus que la discussion définie et l'étude des droits reconnus par les Traités ou des obligations de l'Egypte.

Mr. Scrivenor a informé la Commission que, après être entré en fonctions, il commença à réunir les règlements en vigueur, lesquels lui furent extrêmement difficiles à découvrir. Mais ce travail, fait sans suite, aurait dû être rigoureusement entrepris et suivi avec méthode dès le principe, car il aurait fourni, avec l'étude du Traité de 1861, la seule base solide pour la rédaction d'un règlement qui aurait diminué les risques et enlevé toutes les apparences d'innovations litigieuses. Ce travail a été depuis continué par Mr. Shee, mais il est resté jusqu'ici incomplet. Mr. Scrivenor, sans aucun doute, a vu, comme il devait les voir après une courte expérience, quelles étaient les difficultés principales à surmonter en fait de réforme ; mais il a été moins heureux dans le système à suivre pour les vaincre. Des projets en moins grand nombre, mieux dirigé et fait avec plus d'insistance sous les yeux du Gouvernement, auraient produit de meilleurs résultats. En étudiant les communications différentes adressées par Mr. Scrivenor au Ministère en 1877 et 1878, la Commission ne peut se dissimuler le défaut de valeur administrative qu'on y remarque trop souvent. Il y a là une juste appréciation de la situation dans son ensemble, mais on n'y saurait découvrir le point de vue réfléchi et pratique sur lequel le Gouvernement a le droit de compter de la part du chef d'une Administration importante.

Dans le fait, les règlements variés qui furent soumis en 1877 au Ministère restèrent tous, presque sans exception, sans effet, et ce ne fut qu'à l'arrivée de Mr. Shee que les réformes nécessaires dans l'organisation du personnel, et la marche des différents bureaux de Douanes locaux, furent sérieusement initiées. Projets sur projets restaient en souffrance, soit parce qu'ils soulevaient eux-mêmes de trop graves questions, soit parce que Mr. Scrivenor ne leur procurait pas, par une insistance utile, l'approbation qu'il s'était contenté de demander.

D'autres encore, comme le Tarif d'Octroi, les Bureaux de Douane au Caire, et les Règlements du Dock de Port Saïd, n'étaient approuvés que pour tomber de suite en désuétude ou pour se heurter à des difficultés qui auraient dû être prévues, et au cas où il était impossible de les éviter entièrement, auraient pu être considérablement réduites.

Il est certain que le Gouvernement en 1877 et 1878 était gravement préoccupé de la situation financière, et que dans le courant de la présente année il a été distrait par les changements politiques ; mais avec de la vigueur, de la méthode, et un certain tact administratif, le Directeur-Général aurait probablement pu surmonter quelques-unes de ces difficultés, et c'est le manque, en une juste mesure, de ces trois qualités, qui a privé d'un résultat plus heureux des projets qui étaient incontestablement d'ailleurs le fruit des travaux longs et consciencieux de Mr. Scrivenor.

La Commission reconnaît pleinement que l'Administration des Douanes Egyptiennes, par suite des complications des Traités, et des particularités locales, présente des difficultés plus grands peut-être que celles de toute autre Administration ; mais elle ne saurait admettre qu'il a été fait tout ce qui aurait pu être fait par le Directeur-Général pour lutter contre les embarras au milieu desquels il était placé. Il a lui-même, en ayant recours peu de mois après son arrivée à l'aide d'un Anglais comme chef de la partie exécutive de ses attributions, semblé reconnaître ce qui lui manque en fait d'habileté organisatrice.

En Avril 1878 Mr. Shee entre en scène, et durant les trois mois, de Juillet, Août, et Septembre, il remplit aussi les fonctions de Directeur-Général durant une absence temporaire de Mr. Scrivenor en Europe.

A son arrivée de grands changements se produisirent dans les procédés en cours ; il passa l'inspection du personnel des Douanes locales, s'occupa de son organisation dans tous les détails, congédia les gens de peu d'utilité, fit admettre des employés capables, assigna à chacun les fonctions qui lui revenaient, en ayant soin de les définir minutieusement. (Voir Annexes Nos. 2 et 3 à son Mémorandum du 16 Octobre, 1879.) Il fit réparer et mettre en ordre les différents locaux des Douanes ; il remit en vigueur le système des déclarations et des amendes établis par les Traités, mesure que Mr. Scrivenor avait proposée, et qui faisait l'objet d'un des projets soumis par lui un an auparavant au Ministère.

Il alla plus loin (et, comme il fut prouvé, il alla trop loin), en cherchant d'assurer aux Douanes des droits tels que les changements proposés par lui dans les Règlements

d'exportations qui offraient un avantage douteux, et qui rencontrèrent une opposition obstinée.

Il réussit autant que possible, de l'avis de tous ceux que la Commission a interrogés à cet égard, à maintenir parmi les classes les plus importantes des employés de la Douane un esprit de probité qui fait autant honneur à ceux-ci qu'à lui-même.

Si un on deux d'entre eux paraissent avoir profité de la confiance qu'ils avaient acquise pour en abuser dans leur intérêt personnel, leur conduite ne saurait faire oublier la bonne réputation que leurs collègues se sont mérités.

En un mot, il se jeta dans ce travail de réforme avec une énergie caractéristique, et s'il avait su modérer son zèle par plus de patience et de prudence, il aurait acquis un incontestable mérite.

Mais la valeur de ses efforts fut sérieusement diminuée par le défaut de discernement, de sang-froid, et de discipline.

Il souleva l'opposition, et blessa l'amour-propre de quantités de membres du commerce, par le soin apparemment insuffisant qu'il prenait de leur témoigner la considération qui leur était dû.

A titre d'exemple: il remit en vigueur, alors qu'il remplissait les fonctions de Directeur-Général au lieu et place de Mr. Scrivenor, le système des déclarations et des amendes, autorisé par les Traités, mais tombé depuis longtemps en désuétude.

La Commission est d'avis qu'il était parfaitement dans le vrai, quant au principe qu'il soutenait, mais elle ne peut également approuver la méthode qu'il suivit pour le mettre en exécution. Il aurait dû tout d'abord soumettre ses projets à l'approbation du Ministère, qui aurait pu, s'il l'avait jugé utile, s'entendre avec les Corps Consulaires. Il aurait dû ensuite en donner avis assez longtemps d'avance par des publications au corps commercial, et s'efforcer de faire comprendre aux principaux négociants, puis par leur entremise, au commerce en général, le but qu'il se proposait, et les raisons qu'il avait d'agir ainsi. Il aurait dû enfin, par tous les moyens, chercher à s'attirer la sympathie des classes commerçantes et apaiser leur opposition.

Il devait savoir tout au moins que les changements qu'il avait en vue ne pouvaient qu'être désagréables à la masse des négociants, et que l'ordre de réformes dans lequel il s'était très-justement lancé devait nécessairement mettre un terme à toutes les complaisances et tous les abus qui existaient jusqu'alors; en y donnant fin il était certain de blesser grand nombre d'intérêts privés.

Plus encore, le concours des témoignages ne permet pas à la Commission de se refuser à admettre l'assurance, que, par ses manières peu conciliantes en affaires, Mr. Shee ne fit qu'augmenter l'irritation dont il était l'objet. Enfin, il ne sut pas apprécier sa propre position à l'égard du Directeur-Général, son supérieur, et au lieu de s'assujettir, comme il l'exigeait des autres, à une discipline nécessaire, il mit le pied dans une voie de querelles et de malentendus, qui, la Commission ne peut qu'être de cet avis, aurait pu être, sinon totalement évités, pour le moins considérablement diminués.

Ce fut une erreur, par exemple, de se lancer dans le projet important de la reprise du système des déclarations et des amendes, dans un moment où il n'était simplement que agent, pour un temps très-limité, de Mr. Scrivenor, et cela sans avoir obtenu l'approbation du Ministère.

Nous ne croyons cependant pas nécessaire d'insister davantage ici sur cette question de discipline, car elle a déjà été traitée dans le second Rapport de la Commission.

Il est juste, d'un autre côté, de reconnaître que dans ses efforts pour affirmer et protéger les intérêts du Gouvernement, Mr. Shee eût à lutter contre une opposition très-désagréable et que, s'il fut entraîné dans les actes qui revêtirent la forme d'une autorité pour être le moins du monde respectée, avait à se faire sentir d'une manière évidente.

On doit d'autant plus regretter que Mr. Shee se soit exposé à la critique peu favorable qui précède, qu'on ne saurait nier que c'est un fonctionnaire d'une capacité et d'une énergie incontestables, animé du plus sincère désir d'assurer au Gouvernement qu'il sut la mesure entière de ses revenus.

Pour reprendre le cours de ce Rapport la Commission énumérera les différents points sur lesquels l'Administration des Douanes paraît être en progrès, indiquera les mesures les plus importantes qui lui paraissent devoir attirer l'attention, et comme se rattachant à cette partie de son enquête, elle passera en revue certaines plaintes qui lui ont été adressées par quelques négociants d'Alexandrie, qui ont bien voulu, sur la demande de la Commission, lui faire part des résultats de leur expérience, et lui soumettre leurs appréciations.

Pour le premier point, les réformes qui ont été introduites:

On peut les énumérer comme suit:—

(a.) Ordre et organisation dans les différents bureaux à la Douane et dans leur personnel.

(b.) Réparations et propreté, dont il était grand besoin dans les locaux de la Douane.

(c.) Statistiques dignes de foi, et bien conçues.

(d.) Formalités définies, contrôle et inspection des marchandises, opérations qui ont eu pour résultat de faire régner dans les Douanes un esprit de probité auquel elle n'avait pas atteint jusqu'alors.

(e.) Un Tarif d'Octroi révisé et large.

(f.) Un service de gardes-côtes, très-efficace, eu égard à la force de son personnel.

15. Pour ce qui est du second point, les mesures qui doivent attirer plus particulièrement l'attention sont de deux sortes—

1. Celles qui concernent la position que les Traités ont fait à l'Egypte.

2. Celles qui concernent purement les questions intérieures.

Dans la première de ces deux articles il faut ranger la question des capitulations. Les droits de Traités, tels qu'ils sont interprétés aujourd'hui, constituent un obstacle très-sérieux pour l'Administration des Douanes Egyptiennes, particulièrement en ce qui touche l'octroi, et rendent par conséquent difficile la perception de tous les revenus que l'Egypte devrait tirer de ses douanes.

La Commission signalera le fait qu'il n'est pas permis à la Douane Egyptienne, si ce n'est avec l'autorisation du Consulat, d'envoyer un fonctionnaire à bord d'un navire entré dans les ports sous drapeau étranger—droit qui est partout reconnu en Europe, et qui est essentiel à la sécurité des revenus des Douanes et de l'Octroi.

Aujourd'hui que les Grandes Puissances en Europe pressent le Gouvernement Egyptien d'organiser l'administration intérieure du pays, le moment paraît favorable pour appeler leur sérieuse considération sur l'état exceptionnel d'impuissance dans laquelle l'Egypte se trouve (sans que ce soit en rien de sa faute maintenant) par rapport à la gérance convenable d'une de ces importantes Administrations. La Commission ne croit pas qu'il lui appartienne d'indiquer ici les démarches qui pourraient être faites pour arriver à un arrangement satisfaisant sur ce point. Mais elle tient à mentionner sa conviction, que, jusqu'à ce que le sujet tout entier n'ait pas été étudié à nouveau, à l'effet de fournir au Gouvernement Egyptien les pouvoirs nécessaires pour protéger les intérêts du fisc, et assurer la régularité du service des Douanes, l'Administration ne saurait espérer atteindre le premier but, ni être tenue entièrement responsable si elle ne réalise pas le second.

Il faut ranger aussi dans le premier article ci-dessus mentionné la question du Tarif des Douanes.

Le Tarif détaillé fourni par les Traités de 1861 a été reconnu inapplicable en Egypte, et fut mis de côté; depuis, chaque article d'importation, excepté les manufactures, le cuivre jaune et autre, le fil du tailon, l'indigo, et le pétrole, a été évalué séparément—travail infiniment laborieux, et qui devait naturellement amener des contrariétés et des ennemis.

Chacun admet qu'il serait fort à désirer qu'au lieu de l'évaluation, article par article, de chaque marchandise, il fut introduit un système quelconque d'évaluation partageant les marchandises en catégories, ayant chacune une valeur spéciale, ou bien classifiant d'une manière semblable les différents articles de marchandise. Ce système a déjà été introduit pour les articles ci-dessus mentionnés, mais comme les Traités de 1861 fixent un Tarif de 8 pour cent "minimum" 10 pour cent, pour tous les articles d'importation, cette innovation ne pourrait être généralisée sans le consentement de toutes les parties que ces Traités concernent, ou sans une modification de ces mêmes Traités.

Mr. Scrivenor s'occupa dans le principe de cette question parmi d'autres projets, mais sans aboutir à aucun résultat.

On lui proposa en Angleterre, dans le cours de la discussion, qu'une évaluation classifiée de la nature de celle que nous venons d'indiquer fut admise sur la base de 7 pour cent, afin de ne pas dépasser les 8 pour cent déjà fixé, s'il survenait une variation dans le prix. On peut cependant mettre en doute qu'un tel système pût aboutir.

Le commerce jouissait toujours de l'alternative de se refuser à payer sur la base d'un tel Tarif, toutes les fois qu'il serait avantageux de le faire.

Les Douanes ne peuvent imposer ce mode de taxation, et il ne lui convient même pas de l'introduire sans s'être assuré de l'acceptation unanime du corps commercial.

C'est le commerce par le fait qui devrait faire le premier pas, et il ne paraît pas, dans son ensemble, disposé à agir dans ce sens.

Il n'y a malheureusement pas de Chambre de Commerce à Alexandrie, et en l'absence d'une réunion de négociants reconnus comme représentants de la communauté marchande il paraît impossible d'amener à une conclusion des négociations ayant pour objet l'introduction d'un Tarif mutuellement consenti.

Les droits d'octroi et le service des gardes-côtes peuvent aussi prendre place dans le premier article dont nous nous occupons, bien qu'ils touchent encore au suivant. La Commission n'a ici qu'à reproduire son opinion qui est que, s'il est décidé qu'on maintiendra le Décret du 29 Mars, 1879, les dispositions auxquelles on s'était arrêté doivent être mises à exécution dans leur entier. Jusqu'à ce que l'on ait vu comment les choses marchent dans leur ensemble, le service des gardes-côtes devrait, croyons-nous, être maintenu tel qu'il est à présent, sous la Direction Générale des Douanes et réduit au prix de 5,000l. pour l'année prochaine, comme cela était projeté alors que fut promulgué le Décret de Mars, si ce Décret reçoit une entière exécution et donne des résultats satisfaisants.

Il serait dangereux et prématuré, dans la position très-ébranlée où se trouve le commerce du tabac, d'effectuer en ce moment aucune nouvelle réduction. Si, en conséquence de la mesure prise par la Turquie relativement à l'augmentation du prix des raftieh, ou pour quelque autre motif, les dispositions prises par le Décret de Mars 1879 n'ont pas un résultat satisfaisant, et que le commerce autorisé ne fournit pas une augmentation sérieuse au chiffre des importations, il sera probablement nécessaire de porter les forces de la garde-côte à un chiffre suffisant pour protéger autant que possible toute l'étendue de la côte. Cependant, ceci pourra être le sujet d'études ultérieures alors que les résultats du système, complètement appliqué, seront connus.

Pour le moment, tout ce qu'il y a à dire à ce sujet est que le moment est loin d'être opportun pour faire de nouveaux changements, en tant que réduction dans le service des gardes-côtes.

La Commission traitera des mesures purement internes qui réclament des réformes.

La Commission soumet avec ce Rapport une brochure ayant pour titre: "Réformes à Introduire dans les Douanes Egyptiennes," et portant pour endos: "Comité pour la Protection du Commerce d'Importation."

Quelques-uns des négociants dont les noms figurent sur cette brochure, ainsi que d'autres principaux membres du corps commercial, ont bien voulu prendre part à quelques séances de la Commission, et l'aider efficacement par leurs appréciations et leurs suggestions dans ses recherches sur la marche pratique suivie dans l'Administration des Douanes. La substance de presque tous les projets sur lesquels on a appelés notre attention se trouve dans la brochure susmentionnée.

La Commission s'en référera aux pages qui contiennent les critiques successives et notera ses conclusions à l'égard de celles-ci.

P. 9.—Déclarations.

La Commission trouve que, en vertu du Règlement B annexé au Traité de 1861, la déclaration est obligatoire. Cela n'est pas dit d'une manière aussi explicite pour les marchandises d'importation que pour les marchandises en transit, mais il résulte clairement des derniers mots du paragraphe suivant que l'on a admis la déclaration dans l'un et l'autre cas:

"Si le contenu des colis ouverts n'est pas conforme en qualité ou espèce à la déclaration susmentionnée, l'Administration de la Douane ne pouvant plus se baser sur l'exactitude de la déclaration, aura le droit d'ouvrir les colis restants; et les colis ainsi ouverts, dont le contenu ne se trouverait pas conforme à cette déclaration, seront passibles du double droit, soit de transit, soit d'importation, suivant le cas."

La Commission est d'avis que la déclaration doit être maintenue, en se conformant exactement dans la pratique aux règles indiquées dans le règlement précité.

Non-seulement la déclaration est admise, comme on le voit plus haut, mais encore elle est la base de toute évaluation, et sans elle on laisse la porte ouverte à l'erreur, à la collusion, et à la fraude, ce qui peut conduire à des désordres sérieux et à une perte dans les revenus.

La déclaration devrait être faite par écrit, en Français et Arabe, et les mots techniques ou spéciaux qui ne peuvent pas être rendus en Arabe, devraient seulement être phonétiquement transcrits, sans en rechercher la traduction.

Il est du reste bon d'observer que si, selon l'avis de la Commission, on se conforme

au Règlement de 1861, le commerce y trouvera un remède suffisant aux inconvénients dont il se plaint aujourd'hui en ce qui concerne la déclaration.

La Commission est d'opinion que le nombre des visiteurs devrait être augmenté, et qu'il faudrait les distribuer dans les magasins d'une manière plus utile pour le public.

Mr. Shee a expliqué que l'arrangement actuellement existant a pour but de tenir les visiteurs sous les yeux de l'Inspecteur.

Il serait sans aucun doute possible d'organiser les choses de manière à ce que dans une distribution mieux faite ce but fut atteint.

Le double droit, comme on l'a vu ci-dessus, est reconnu par le Traité de 1861, et ce n'est pas plus une innovation de l'Administration de Mr. Scrivenor que ne l'est la déclaration.

Toutefois ce serait, selon la Commission, faire preuve d'une sécurité inutile que de s'en tenir strictement aux dispositions du Règlement mentionné plus haut, qui ont rapport à la visite de tous les colis d'une marchandise en consignation au lieu d'un sur dix, au cas où le contenu serait pas conforme à la déclaration.

Il peut être dangereux de donner à des employés subalternes trop de latitude à cet égard; mais une légère différence entre la déclaration et le contenu des colis—différence qui peut souvent résulter de circonstances accidentelles, indépendant de la volonté du destinataire, pourrait être tolérée, afin de mettre le négociant, quand il n'apparaît pas qu'il a voulu faire la fraude, à l'abri d'une visite vexatoire, ou d'une application irritante et inutile du double droit.

La Commission croit que le public se plaint avec raison des trop nombreuses formalités qu'on exige. Sans entrer dans la discussion des détails techniques, elle voudrait faire remarquer qu'à son avis ces formalités, qui ont principalement pour but de servir de contrôle pour les employés, pourraient être utilement réduites.

Pp. 9, 12.—Estimation.

Une distribution nouvelle des Estimateurs en rapport avec celle qui a été suggérée pour les visiteurs est devenue nécessaire.

Mr. Shee proposa sous le Ministère Wilson de faire venir d'Europe un Estimateur en-chef habile et digne de confiance. La Commission croit que cela devra être fait.

Il serait très-utile, soit comme arbitre dans les différends, soit comme garant dans l'intérêt du Gouvernement d'une estimation intelligente et expérimentée. Il a déjà été parlé de la question du Tarif.

Pp. 12, 14.—Paiement en Nature.

La Commission approuve l'idée émise dans le paragraphe, p. 13, commençant ainsi: "Pour les articles." Quant au reste, Mr. Shee lui assure que telle est la règle déjà en usage.

Pp. 14, 15.—Dépôts et Magasins de Vente.

Ceci peut être l'objet des difficultés évidentes, en l'état actuel des choses.

La compétition dont on se plaint ne sera pas, il est vrai, éliminée par un système de mises aux enchères, car c'est le paiement en nature, puis le fait de la vente qui en dérive, et non le mode adopté pour cette vente, qui sont la cause de cette compétition. Mais il n'est pas à désirer que la Douane fasse sur place le métier de marchand au détail. Cela peut, à plus d'un point de vue, présenter des inconvénients et donner lieu à des abus.

La Commission propose d'essayer à titre d'expérience un système d'enchères à époques fixes. Ces enchères seraient partout affichées à l'avance, et on leur donnerait la plus grande publicité.

Si cette idée est adoptée, on ne devrait pas rendre les Estimateurs responsables, comme on le fait aujourd'hui, pour la différence entre le chiffre de leur évaluation et le prix de la vente. On peut ajouter à ceci que si un Estimateur-en-chef, comme on l'a proposé, est engagé, les paiements en nature seraient beaucoup moins fréquents.

Pp. 16 et 17.—Sortie.

La Commission approuve l'idée émise dans le paragraphe "qu'il soit autorisé," &c. Mr. Shee pourtant assure que cette règle est adoptée.

P. 17.—*Ardieh.*

Le Règlement B, mentionné plus haut, traite également de cette question. (Voir le dernier paragraphe.)

La Commission trouverait toutefois plus équitable que le délai de huit jours actuellement admis partit du jour de débarquement des marchandises.

Pp. 18, 19.—*Chargements.*

La Commission admet la force de l'objection contenue dans les trois premiers paragraphes.

Mr. Shee a expliqué qu'il n'accepte pas ces mesurages parce que la Douane n'est pas représentée au moment où ils ont [?] au Gouvernement.

Cependant il reconnaît que, lorsqu'il y a un excédant dans le poids par rapport à celui qui est mentionné dans la lettre d'envoi ou connaissance, la Douane en exige le paiement, sans tenir compte du poids en moins quand il y en a.

Il est clair qu'elle devrait ou refuser absolument d'admettre le pesage, ou l'accepter, autant lorsque le poids est inférieur aux indications du connaissance que lorsqu'il est supérieur.

Il reste maintenant une question très-importante et fort débattue, et qui consiste à savoir si l'évaluation devrait avoir pour base le prix réalisable sur les marchés où les marchandises sont amenées, ou le prix payé à l'acquisition, plus les frais de transfert jusqu'au lieu de débarquement. La Commission désirerait voir cette question soumise à l'avis des Conseils légaux du Gouvernement, attendu qu'elle repose sur les termes du Traité de 1861.

La Commission doit, avant d'en finir avec cette partie de son sujet "des réformes intérieures," signaler le délai trop prolongé que l'on met à effectuer la vente des tabacs saisis. Près d'une valeur de 5,000L., dont une grande partie fut saisie en 1878, est restée jusqu'ici invendue, tandis qu'une partie seulement est retenue comme formant le sujet de poursuites légales. On n'a pas fourni de motifs valables pour expliquer ce fait.

Le système de laissez-passer pour le transit à l'intérieur, la vente, et la consommation des tabacs importés, a besoin également d'être complètement révisé. Mr. Scrivenor (voir pièce 14 B) a donné quelques règles à ce sujet qui ne paraissent jamais avoir été suivies. On n'y trouve du reste aucune mention d'un point qui semble à la Commission très-essentielle, c'est-à-dire, de la limite du temps durant lequel chacun de ces laissez-passer est valable, et après lequel ils doivent cesser d'avoir effet.

La Commission tient aussi à rappeler au Gouvernement que le projet pour l'installation d'une Douane au Caire est encore entre ses mains. Elle est cependant d'avis qu'on devrait faire une condition *sine quâ non* de ce projet, qu'il ne doit coûter au Gouvernement quoique ce soit en plus, et on doit faire comprendre à la Douane que s'il y a des frais extraordinaires c'est le budget de l'Administration qui aura à les supporter.

La question des docks à Port Saïd devrait aussi être résolue. Le principe sur lequel l'Administration des Douanes s'appuie est certainement juste, c'est-à-dire, que, toutes marchandises débarquées en Egypte, même *ad interim*, devraient, à leur mise à terre, être placées dans un local dépendant de la Douane.

Les locaux de la Douane peuvent être surveillés et gardés, mais pour le dock de MM. Bazin ces mesures de précaution ne seraient pas possibles. La Commission est d'avis que MM. Bazin ont droit à quelque considération; cette maison a pour un assez grand espace de temps joui sans conteste du privilège que l'on s'est décidé à abolir. L'acquisition par arbitrage du local qui leur appartient, vu l'acquiescement par eux d'au moins la moitié du frais qu'entraînerait la surveillance de leur dock, s'il restait leur propriété, serait probablement les bases sur lesquelles on pourrait arriver à une conclusion à l'amiable, et sans avoir recours aux Tribunaux.

Enfin l'arrangement relatif à l'Administration des poudres est sur un pied très-insatisfaisant. Une somme importante d'argent, de 2,000L. à 3,000L., a été versée en à-compte entre les mains du Chef Comptable du bureau de la Direction Générale, pour frais concernant cette Administration.

Depuis le mois de Mai on a payé P. T. 267,313 pour salaires, achat de poudre, et frais, tandis qu'on n'a réalisé que P. T. 26,355, soit une dixième de la somme perçue comme montant de la vente.

Il paraît que jusqu'en Septembre il n'avait rien été vendu, par la raison même que jusqu'alors aucun achat de poudre n'avait été fait. Du mois de Mai au mois d'Août on avait payé environ P. T. 20,000 pour salaires (l'employé en chef seul recevant P. T. 5,000 par mois).

Mais la Commission ne peut dire qu'aucun progrès ait été fait en proportion de ces frais, et il ne lui semble pas qu'on en fasse maintenant tant soit peu en rapport avec une si grande dépense. Les chiffres qui accompagnent le présent Rapport expliquent les détails.

La Commission, avant d'en finir avec cette partie de son sujet, désire ajouter qu'elle doute qu'un Inspecteur-Général séparé soit plus longtemps nécessaire.

Le Directeur de la Douane d'Alexandrie pourrait être rétribué davantage qu'il ne l'est maintenant, choisi avec soin, et nommé Premier Directeur, avec le pouvoir de faire des tournées d'inspection.

Si cependant les fonctions de l'Inspecteur-Général soient maintenues, la Commission proposerait certainement que les Règlements du 7 Janvier, 1879, qui définissent ses attributions, fussent révisés, dans le but de le placer sous le contrôle complet du Directeur-Général. Ce serait le seul moyen d'éviter les difficultés et les conflits que la Commission a eu à signaler.

Enfin, la Commission est d'opinion que, afin de maintenir et continuer les réformes commencées, et de conserver le présent degré d'efficacité existant dans le service des Douanes, le chef de cette Administration devrait être un fonctionnaire entièrement au fait du service Douanier, dans l'essence comme dans les détails, tel qu'il est fait en Europe.

Il devrait être à même, outre cela, soit par ses qualités de compétence, soit par la considération dont il jouirait, soit pour son "Statut" de contrebandier la pression que le corps commercial ne peut nécessairement manquer d'exercer sur les fonctions qui lui seraient confiées, et sur les employés sous ces ordres, pression qui, s'appuyant sur les capitulations ou sur d'autres motifs, n'aurait naturellement en vue que les intérêts particuliers des commerçants.

Il est probable que si on demande des concessions aux Puissances, ainsi qu'il a été plus haut trouvé nécessaire, celles-ci ne seront pas disposées à faire droit à cette demande, que si elles ont devant elles la garantie efficace d'une Direction Générale telle que la Commission la comprend. Ce serait en définitive la seule assurance qui pourrait être donnée au corps commercial pour un exercice impartial des pouvoirs que l'on réclame.

La Commission passe à présent au troisième point principal de leur enquête, c'est-à-dire la comptabilité.

Dès son début Mr. Scrivenor semble avoir compris la nécessité d'organiser une comptabilité qui lui permit de contrôler les recettes et les dépenses des Douanes.

Le système par lui imaginé est en somme le suivant :

Des Tableaux statistiques de l'importation et de l'exportation sont compilés sur les pièces et titres originaux qui forment la base de la comptabilité. Ces Tableaux sont dressés journellement et disposés de manière à présenter la nature, la quantité, et la valeur de chaque classe de marchandises avec les droits y relatifs, qui passent par les différents bureaux douaniers d'Egypte chaque jour, mensuellement, et annuellement; distinguant aussi les différents pays d'origine ou de destination des marchandises importées ou exportées. Le montant total des droits perçus dans les différents ports figure le sommaire de ces Tableaux, et sert de contrôle aux totaux correspondants des comptes dressés par le bureau Arabe.

Les autres chefs de recettes, tels que droits d'écluses, etc., sont aussi récapitulés au bureau Européen, les pièces à l'appui étant passées à ce bureau avant de servir pour la comptabilité Arabe.

Les dépenses sont presque entièrement contrôlées par le bureau Européen, qui arrête les mandats de sortie et enregistre les paiements sous les différents chefs de dépense qui ont été adoptés par le budget. A la fin de chaque mois les Directeurs des différents bureaux de Douane transmettent des états dans lesquels sont récapitulées les recettes et les dépenses. Ces états sont par leur nature de vrais comptes-courants.

Il résulte de ce bref exposé que les systèmes de statistiques adoptés par Mr. Scrivenor contiennent tous les éléments nécessaires à une comptabilité régulière, et qu'il ne demande que peu de modifications pour permettre de supprimer l'autre comptabilité (Arabe) de l'Administration.

A propos de cette dernière il n'y a pas beaucoup à dire. Elle comprend le nombre habituel de registres indiquant aux mêmes colonnes les recettes, les dépenses, l'argent en caisse, les paiements en suspens, etc., soit une confusion de chiffres qui semblent être groupés de manière à ne permettre qu'aux teneurs des titres d'en comprendre le sens.

Les comptes "Ohad" et "Matloubat" paraissent tenus de la manière usuelle et

offrir les moyens ordinaires de voiler les erreurs ou les fraudes, tout en présentant la plus grande difficulté possible d'obtenir une idée exacte des recettes et des dépenses de l'Administration.

La Commission trouve que le compte Ohad a été négligé n'ayant pas été contrôlé avec la ponctualité qui est absolument nécessaire comme garantie contre la fraude.

Les comptes transmis au Ministère des Finances sont apparemment compilés en extrayant sous peu de chefs les différents détails inscrits au journal pendant le mois.

Les divers journaux Arabes des différents bureaux de Douanes sont envoyés à la Direction Générale chaque mois pour en extraire les données qui figurent dans les comptes généraux du Ministère des Finances.

Ces comptes, ainsi qu'il est dit plus haut, ne sont compréhensibles que pour ceux qui les ont rédigés; ils n'offrent aux chefs responsables que des moyens très-imparfaits de contrôle, et il est difficile de concevoir les raisons qui ont conduit Mr. Scrivenor à maintenir cette méthode, puisque tous les éléments d'un vrai système de comptabilité existaient déjà.

Ainsi, deux systèmes de comptabilité sont à présent en vigueur dans la Douane, chacun réclamant un corps spécial d'employés avec le résultat naturel que tout le travail de la comptabilité est fait deux fois.

Le second système a été évidemment établi en vue d'insuffisance on de l'inefficacité d'améliorer le vieux système.

Sur cette hypothèse il serait logique aussi bien qu'économique d'abolir ce dernier.

La nouvelle comptabilité pourrait alors être tenue, en tant qu'il s'agit de la vérification des déclarations, ou des manifestes et de la simple compilation des chiffres, par des commis Arabes, les différentes formules et Tableaux étant fournies des indications imprimées nécessaires en Français et en Arabe. Les sommaires mensuels, résumés, ou comptes-courants (dont les formules seraient aussi imprimées dans les deux langues) auraient seuls besoin d'être traduits ou dressés en double exemplaire—l'un en Arabe, l'autre en Français.

Les registres des autres bureaux ne devraient pas être expédiés à l'office central; chaque Directeur devrait préparer les statistiques et les comptes se rapportant à l'exploitation de son bureau, et les transmettre à la Direction Générale avec les documents à l'appui.

Ainsi le travail de la Direction Générale serait proprement limité aux opérations de contrôle des statistiques et des comptes et à la compilation des sommaires généraux et des comptes pour le Ministère des Finances.

Le personnel et la nouvelle comptabilité pourrait être choisi parmi les employés actuels—Arabes et Européens—et la fusion des deux bureaux en un seul amènerait indubitablement une réduction dans les frais de comptabilité et de contrôle.

Il n'est pas à douter qu'un système modelé sur le plan que nous venons de tracer répondrait à l'exigence des Contrôleurs-Généraux d'avoir un système de comptabilité compréhensible et lucide, puisqu'il offrirait tous les éléments nécessaires de comparaison et de contrôle.

La Commission passe à présent au quatrième et dernier chef principal de l'enquête, c'est-à-dire le Contentieux.

La Commission s'est appliquée, tout d'abord, à rechercher comment était organisé le contentieux de la Douane avant l'Administration de Mr. Scrivenor, et sur quelles bases il a été depuis.

Dès explications de Mr. Scrivenor et de M. Haicalis, Avocat de la Douane, ainsi que des pièces fournies par le Directeur-Général, il résulte ce qui suit:

M. l'Avocat Haicalis était déjà attaché à l'Administration en qualité d'Avocat-Conseil lorsque Mr. Scrivenor est arrivé, mais son rôle se bornait alors à donner des consultations préliminaires sur les affaires litigieuses de la Douane; il n'était pas chargé de plaider devant les Tribunaux; c'était au Comité du Contentieux que cette charge incombait.

Ce ne fut que vers la fin de 1877 que M. Haicalis fut chargé, par la Direction Générale, de soutenir lui-même, devant les Tribunaux, les procès de la Douane, surtout en matière de contrebande. Le contentieux ne resta plus nanti que des affaires qu'il avait déjà entre les mains, et de quelques autres nouvelles ayant un caractère plus spécialement administratif encore; parmi celles-ci en trouve-t-on plusieurs qui ont été confiées à M. Haicalis. Mr. Scrivenor explique le changement ainsi intervenu dans la défense des affaires de la douane d'une part, en disant que plusieurs avaient été ou perdues ou abandonnées par le Contentieux alors que M. Haicalis avait, au

contraire, répondu de leur succès. Il ajoute qu'il avait, en effet, réussi à diverses reprises, notamment dans une affaire Emanuel d'Angelo, qui, perdu en Première Instance a été gagné en Appel par M. Haicalis (l'Arrêt du 13 Décembre, 1877). Le Directeur-Général ajoute que dans beaucoup d'affaires de contrebande, le temps manquait pour envoyer le dossier au Caire au Contentieux, et qu'il lui a paru plus pratique et plus simple d'en charger l'Avocat-Conseil de la Douane, qui connaissait déjà le dossier et avait assisté à la séance de la Commission Douanière.

Quoiqu'il en soit, on observe qu'à une époque qui n'a pas pu être précisée, mais qui ne paraît pas avoir suivi de beaucoup le moment où M. Haicalis a été régulièrement chargé de plaider lui-même les affaires de la Douane, les conditions dans lesquelles l'Avocat-Conseil était précédemment rétribué ont subi une importante modification.

M. Haicalis avait auparavant un traitement fixe dont il jouit encore, et qui s'élève à 12,000 fr. M. Haicalis a de plus, sur l'initiative de Mr. Scrivenor, une remise de 10 pour cent qui lui a été accordée sur les affaires gagnées par lui. Il a été convenu en même temps que dans les procès que l'Avocat perdait, les frais qu'il aurait avancés resteraient complètement à sa charge; ces 10 pour cent devaient être et ont, en effet, été prélevés sur les 40 pour cent accordés au service des gardes-côtes, lorsque la saisie est faite par lui, ou dans le cas contraire, au dénonciateur; ils semblent de plus pouvoir être, dans certains cas, élevés en 15 pour cent, car, dans l'affaire Angelo citée plus haut, c'est sur ce taux que M. Haicalis a été rénuméré. Cet arrangement paraît avoir fait l'objet, de la part de l'Inspecteur du Chef des Gardes-côtes, d'énergiques protestations plusieurs fois renouvelées, et qui, il y a peu de temps encore, ont été l'occasion d'explications très-vives entre lui et M. Haicalis; mais Morice Bey a cru cependant devoir se soumettre sur les instances de Mr. Scrivenor, et aussi, d'après ce qu'il déclare, parce que les affaires lui paraissaient mieux traitées et plus en état d'être gagnées, depuis que cette remise était faite à l'Avocat de la Douane.

Après avoir recueilli ces premiers renseignements, la Commission a recherché comment avaient été, dans l'ensemble, intentés et dirigés les procès soutenus devant la Cour d'Appel et les Tribunaux par l'Administration de la Douane, elle n'a pas mieux fait, à cet égard, que de se rendre compte des résultats obtenus.

En ne prenant que les affaires les plus importantes, on arrive à connaître qu'il y en a eu, à peu près, autant de gagnées que de perdues; mais en ce qui touche celles qui ont été perdues, on doit remarquer que les procès auxquels elles ont donné lieu auraient pu, pour la plupart, être évités si l'Administration s'était montrée plus prudente et s'était préoccupée davantage de l'observation des Règlements. Nous allons en donner quelques exemples.

En matière de contrebande de tabac et autres marchandises prohibées ou frappées d'une taxe spéciale, les procès que la douane a à soutenir naissent par le fait même du Règlement Général Douanier de l'Empire Ottoman, accepté par les Puissances Européennes, et ce, dans les conditions suivantes:—

Quand la saisie est faite, procès-verbal doit, d'après l'Article 5 de ce Règlement, en être dressé aussitôt; immédiatement après la Commission Douanière doit se réunir et prononcer, s'il y a lieu, la confiscation. Si la confiscation n'est pas prononcée, tout est dit; mais si au contraire elle est ordonnée, la partie saisie, à laquelle signification doit être faite dans les vingt-quatre heures par l'entremise de son Consulat (Article 5), peut, dans la quinzaine, faire opposition devant les Tribunaux, à la décision de la Commission. C'est dans ces circonstances que se sont produites les affaires de cette nature que les Tribunaux ont eu à juger.

La première question qui a dû se poser devant eux a été naturellement celle de savoir si les formalités prescrites par les Règlements, lorsqu'il s'agit d'étrangers, avaient été remplies. Or, il est arrivé plusieurs fois que les jugements et les arrêts ont eu à constater que les Règlements n'avaient pas été observés, soit que le procès-verbal n'ait pas été fait aussitôt après la saisie, soit que la Commission Douanière n'ait pas été immédiatement réunie, soit que la signification n'ait pas eu lieu dans les vingt-quatre heures. Et on doit faire observer ici que les Tribunaux se sont montrés très-larges dans l'appréciation des mots "aussitôt" et "immédiatement," qui se trouvent dans le Règlement. Il résultait naturellement de la constatation de ces irrégularités que le procès-verbal était déclaré nul, et que la Douane était obligée, alors même qu'il s'agissait, au fond, de faits de contrebande évidents, de restituer la marchandise confisquée, quelquefois avec des dommages-intérêts.

Nous citons à titre d'exemples à l'appui de ce qui précède l'affaire Natale Scaperlanda, dans laquelle la Douane a été condamnée en Première Instance et en

Appel (Jugement du 25 Février, 1878, et Arrêt du 14 Juin même année); l'affaire Paul Pavlinieri et Babanla (Arrêt du 31 Juin, 1877); l'affaire Dimitri Condaros (Arrêt du 19 Avril, 1879).

Dans ce dernier cas il n'y avait réclamé [?] de procès-verbal constatant la saisie, et la Commission Douanière n'avait été réunie que sept mois après la dite saisie, presque à la veille de l'audience.

Il est juste de remarquer que les irrégularités commises dans les procès-verbaux et les retards qu'éprouve leur transmission sont généralement le fait des agents inférieurs du service des gardes-côtes, dont l'instruction paraît laisser à désirer. Mais il semble à la Commission qu'il appartient à la Direction Générale de donner à ce service les ordres et les indications nécessaires pour que les saisies soient régulièrement constatées; les soins à prendre à cet égard rentreraient, semble-t-il, aussi dans les attributions de l'Avocat-Conseil de la Douane; c'est ce qui résulte d'ailleurs d'un mémorandum fourni par Mr. Scrivenor à la date du 27 Octobre, et dans lequel on trouve, non sans quelque étonnement, que M. Haicallis était même chargé de dresser les procès-verbaux, et de les faire signer par les préposés qui avaient opéré la saisie; il avait également pour mission, toujours et après ce que déclare le Directeur-Général, de réunir tous les documents, de les présenter à la Commission, et d'éclairer celle-ci sur la situation légale de chaque affaire. Dans ces conditions, on peut se demander s'il n'aurait pas été plus sage, quand il était avéré que les formalités n'avaient pas été remplies, quand surtout les Tribunaux avaient déjà eu une fois posé les principes, de ne pas faire prononcer la confiscation, par conséquent, d'abandonner l'affaire.

La Douane n'aurait au moins pas eu à supporter des frais souvent considérables, indépendamment des sommes qu'elle était obligé de payer en remboursement des marchandises saisies.

Dans d'autres circonstances les Tribunaux ont eu à constater, ou bien que les faits de contrebande n'étaient pas suffisamment caractérisés, ou bien que la saisie avait été faite dans des conditions irrégulières qui ne permettaient pas de la maintenir. (Voir notamment l'affaire du bateau "l'Evanglistria," Pavlinieri et Babanla (Arrêt du 21 Juin, 1877); et l'affaire de Wahbé Abdalla Tahan (Arrêt du 11 Février, 1879).

Dans cette dernière affaire on relève ce fait étrange qu'un magasin situé dans la Rue Ras-el-Tin, à Alexandrie, aurait été investi par le service des gardes-côtes, sur la dénonciation de la police, comme contenant du tabac de contrebande; un garde y aurait été placé comme gardien et oublié là pendant près de trois mois sans qu'aucun procès-verbal ait été dressé ou même que l'Administration supérieure ait eu aucun avis de la saisie; dommages et intérêts ont été demandés à la Douane et ils ont été naturellement aussi accordés en principe par le Tribunal, qui a ordonné une expertise pour leur fixation.

On peut légitimement se demander si dans de pareils cas l'Administration n'eût pas été mieux conseillée en ne s'exposant pas à des procès plus que difficiles à soutenir.

L'attention de la Commission a été, dans cet ordre d'idée, attirée sur une affaire qui, à un moment donné, avait préoccupé l'attention du Gouvernement lui-même, à raison du bruit qui s'était fait autour d'elle. Elle peut se résumer ainsi:

Une saisie de tabac avait été faite à Damanhour dans les magasins d'un nommé Fathalla També, se disant sujet Hellène; le procès-verbal avait été déféré à la Commission Douanière, qui, à la date du 1^{er} Mars, avait rendu une décision confirmant la saisie; cette décision aurait dû, d'après le Règlement (Article 5) être dans les vingt-quatre heures signifiée au Consulat de la partie saisie; or, ce ne fut que le 4 Mars c'est-à-dire en dehors de délais, qu'elle fut envoyée au Gouvernement d'Alexandrie, lequel croyant devoir contester la nationalité Grecque du sieur Fathalla També, retint la pièce quelques jours encore au Gouvernorat, après quoi il la renvoya à la Douane avec ses observations. On s'aperçut alors seulement qu'on s'était

[?] légaux, et d'après les explications mêmes de MM. Scrivenor et Haicallis, ce dernier crut pouvoir conseiller de reporter l'affaire à une autre séance de la Commission. Dans sa pensée la première décision devait être régulièrement annulée et remplacée par l'autre, dans laquelle on aurait supporté les faits tel qu'ils s'étaient passés.

Sans examiner la question de savoir si, lorsque la Commission Douanière (qui est, en définitive, une sorte de Tribunal), a rendu une décision dont le texte a été rédigé, signé, et même expédié en copie à une autre Administration, cette décision peut être postérieurement annulée et remplacée par une autre, nous constatons que la décision du 1^{er} Mars n'a même pas été annulée par une décision postérieure.

La Commission s'est bornée à rendre, à la date du 19 Mars, un jugement conforme au premier, comme si celui-ci n'avait pas existé. On peut même se demander

si elle s'est régulièrement réunie à cet effet; car Mr. Archer Shee, Président de la Commission, déclare ne pas se rappeler cette affaire; il ne se souvient pas non plus d'avoir eu aucun avis de la difficulté à laquelle elle avait donné lieu.

Quoiqu'il en soit, la seconde décision du 19 Mars fut signifiée à Fathalla També, qui y fit opposition.

Plus tard, devant le Tribunal, Fathalla També présenta deux copies de lettres qu'il s'était procurées, il est facile de supposer par quel moyen, qui établissaient l'existence de la décision du 1^{er} Mars.

En effet, l'une de ces lettres était celle qui avait été adressée par la Douane au Gouvernorat, pour lui transmettre le procès-verbal du 1^{er} du même mois; l'autre écrite par le Gouvernorat au Ministère des Affaires Etrangères, constatant le même fait.

En s'appuyant sur ces deux copies de lettres qui furent, plus tard, après vérification, reconnues conformes aux originaux, Fathalla També déclara s'inscrire en faux contre la décision datée du 19 Mars, puisqu'il résultait des documents qu'il produisait qu'elle avait été en réalité rendue le 1^{er} Mars. Le Tribunal, impressionné par cet étrange incident, reconnut les moyens de faux pertinents et admissibles, et ordonna une enquête. Cette enquête, dont la mise à exécution a rencontré certaines difficultés, n'est pas encore terminée, et l'affaire en est là; par conséquent, le Tribunal n'a pas définitivement prononcé.

Au point de vue légal, il paraît, d'ores, déjà certain que le faux, dans le véritable sens de ce mot, ne saurait guère être admis; il ne paraît pas, en effet, y avoir, de la part de l'Administration, d'intention frauduleuse; mais il est bien certain aussi que le procédé dont on a usé, dans cette circonstance, est pour le moins irrégulier; il aurait mieux valu, à tous égards, puisqu'une faute avait été commise par le retard apporté à la signification de la Commission, en supporter les conséquences, que de vouloir la réparer en substituant une nouvelle décision à celle qui avait déjà été prise.

En donnant ce conseil à l'Administration des Douanes, au lieu d'autres dans une voie contraire, son Avocat lui aurait évité un procès qui, par sa nature même, ne peut être que regrettables.

Enfin, la Commission s'est préoccupée des différents procès provoqués par une décision prise l'année dernière par le Directeur-Général, sur la proposition de Mr. Shee, et conformément aussi au conseil de l'Avocat de l'Administration, en vertu de laquelle des personnes qui faisaient du bruit dans les magasins ou bureaux de la Douane devaient s'en voir l'entrée définitivement interdite.

La question, portée devant les Tribunaux, a d'abord été tranchée d'une manière complètement défavorable à la Douane qui, dans deux affaires: Sammelson (31 Janvier, 1879), et Gonzaga, fut condamné à des dommages-intérêts.

Le Tribunal pensait, en effet, que la Douane ne pouvait, d'une manière permanente et définitive, interdire l'accès de ses locaux à des personnes qui, pour l'exercice de leur profession, devaient nécessairement y entrer. Il est vrai que dans une autre affaire, Emilio Urbini (Jugement du 22 Mars, 1879), le Tribunal crut devoir se déclarer incompétent, la décision du Directeur-Général constituant alors à ses yeux une mesure administrative dont les nouveaux Tribunaux ne peuvent pas connaître, aux termes de l'Article 11 du Règlement d'Organisation Judiciaire.

La Cour, saisie de la question, n'a pas jugé en droit, et s'est bornée à déclarer que dans l'espèce qui lui était soumise, affaire Tahan (Arrêt du 2 Janvier, 1879), il n'était pas démontré que l'individu expulsé de la Douane eut rien fait qui méritât cette mesure.

Quoiqu'il en soit, ces affaires ont produit à Alexandrie une certaine émotion, d'autant plus, qu'ainsi que Mr. Shee l'a déclaré lui-même à la Commission, la force a été plusieurs fois employée pour accomplir ces expulsions, qui rencontraient de la résistance de la part de ceux qui en étaient l'objet. Nous croyons, pour notre compte, que la Douane eût été mieux conseillée en ne prenant pas une mesure qui pouvait donner, et qui a donné, lieu à de sérieuses contestations.

Toute Administration a certainement le droit d'expulser, pour le moment, de ses locaux, toute personne qui y trouble l'ordre et manque aux Règlements, et si la Douane se fût bornée à cela il n'y eût eu, croyons-nous, rien à dire; mais, l'expulsion définitive d'un local qui, par sa dénomination est public, au moins pour une certaine catégorie de personnes, nous paraît, surtout quand elle est appliquée à ces mêmes personnes, une mesure au moins très-contestable. N'aurait-il pas été, dès lors, plus prudent de l'éviter, et de ne pas s'exposer ainsi au bruit, exagéré peut-être, mais cependant explicable dans une certaine mesure, qui s'est fait autour de ces incidents?

Il faut noter que c'est à propos d'une de ces expulsions, celle du sieur Gonzaga, que

se sont produits les faits qui ont donné lieu au procès intentés personnellement par cet individu contre Mr. Archer Shee, en même temps qu'il attaquait l'Administration des Douanes.

A la suite de l'interdiction qui lui fût faite de se présenter à la Douane, le sieur Gonzaga se rendit au bureau de Mr. Archer Shee, pour lui présenter ses réclamations. L'Inspecteur-Général, qui remplissait alors les fonctions de Directeur-Général, l'éconduisit.

Gonzaga le suivit, à sa sortie du bureau, jusqu'à Ramli à l'Hotel Beauséjour, où Mr. Shee habitait alors.

Il voulut, malgré Mr. Shee, s'introduire dans la chambre de celui-ci, qui lui porta alors plusieurs corps au visage, à raison desquels Gonzaga l'a actionné, en dommages-intérêts, devant le Tribunal.

Une enquête a été ordonnée sur le point de savoir si, comme le soutenait Mr. Shee, il y avait eu provocation de la part du sieur Gonzaga, mais cette enquête n'a pas encore eu lieu, et l'affaire n'est donc pas encore terminée.

Sans préjuger le jugement qui pourra intervenir sur la conduite de Mr. Shee, en cette circonstance, et en admettant même qu'elle puisse être au moins partiellement expliquée par les agissements du sieur Gonzaga, il n'en est pas moins certain qu'il est très-regrettable que de pareils actes de violence aient pu se produire, et qu'il pourrait peut-être en trouver la cause première dans ce qu'avaient d'excessif les mesures dont nous venons de parler.

Il est juste de dire maintenant que parmi les affaires gagnées plusieurs étaient délicates, et qu'il est [?] de penser qu'elles ont été bien conduites, puisque le résultat en a été satisfaisant.

Il convient également d'ajouter que dans quelques-uns de ces affaires, l'Administration a fait admettre par les Tribunaux des principes qui peuvent être avantageux pour le Trésor.

C'est ainsi qu'il a été jugé que les négociants étrangers qui se livrent au commerce des tabacs et du sel sont absolument assimilés aux indigènes et soumis aux mêmes Règlements qu'eux; que la Douane a le droit de visiter les dépôts et magasins des négociants étrangers quand il existe des soupçons suffisants de fraude; que les tabacs peuvent être saisis sur quelque point que ce soit du territoire, si leur propriétaire ne prouve pas qu'il en a acquitté les droits. (Voir notamment l'Arrêt Emanuel Angelo, 19 Décembre, 1879.)

Il a été également admis que la Douane peut arrêter dans les eaux territoriales les embarcations suspectes et les remorquer jusqu'au port pour les soumettre à une visite (l'affaire de Candia, 31 Janvier, 1878), et qu'il lui est permis de saisir dans le port un navire chargé de poudre alors même qu'il n'y a pas eu de débarquement. (Arrêt du 8 Mai, 1879, affaire Catzoni.)

La Commission s'est enfin préoccupée de savoir si de nombreuses transactions avaient été faites en matière de contrebande, par l'entremise de l'Avocat-Conseil de la Douane. Il résulte des explications de MM. Scrivenor et Haicallis, qui n'ont été contredites par aucun renseignement contraire, qu'il n'y a eu depuis la nouvelle Administration que deux transactions de ce genre. L'une d'elles, relative à une saisie de tabac faite sur des Grecs, dans un café du bord de la mer, paraît avoir été l'objet de protestations de la part du service des gardes-côtes, qui avait, paraît-il, été dans cette affaire exposé à des risques sérieux.

De cette exposé, dans lequel nous n'avons retenu que des faits établis, en écartant avec soin toutes rumeurs restées sans justification, on peut tirer les questions et les observations suivantes :—

1. Il est permis de se demander si en présence de l'existence d'un Comité du Contentieux, chargé de la défense de toutes les affaires du Gouvernement et des Administrations Gouvernementales, il est bien nécessaire qu'il y ait pour la Douane un Avocat-Conseil spécial ?

2. Si cela pouvait être utile, comme l'affirme Mr. Scrivenor, et c'est au Gouvernement seul qu'il appartient d'apprécier cette question, ne serait-ce pas plutôt pour la direction intérieure du Contentieux de l'Administration, que pour plaider devant les Tribunaux.

3. Si un Avocat-Conseil était maintenu à la Douane même pour la représenter en justice, il devrait certainement n'avoir que des appointements fixes proportionnés au travail et à la responsabilité qui lui incomberaient, mais le 10 pour cent qui lui est actuellement attribué sur les produits des procès gagnés devrait, à l'avis de la Commission, être définitivement retranché. En effet, ce moyen de rémunération est, du reste, contraire aux habitudes et aux règles du barreau, au moins en Europe, offre

des inconvénients trop faciles à saisir pour qu'il soit nécessaire d'y insister. L'Avocat qui a un bénéfice proportionnel sur les gains des procès n'est-il pas, par la force même des choses et presque en dehors de sa volonté propre, enclin à les multiplier, et à se préoccuper plutôt de son intérêt que de celui de l'Administration ?

4. Il est désirable que le Conseil de l'Administration, ainsi débarrassé de toutes préoccupations personnelles, s'applique à éviter les procès visiblement douteux, surtout quand ils sont de nature à émouvoir l'opinion publique. Il ne doit rien négliger en matière de saisie, pour que les règlements soient observés; mais lorsque par le fait des agents subalternes ils ne l'ont pas été, ses conseils doivent, à l'avis de la Commission, toujours tendre à ce que la confiscation ne soit prononcée, et à ce que, par conséquent, la Douane ne soit pas exposée à des procès qu'elle devra fatalement perdre, d'après les principes maintenant bien établis par les Tribunaux.

En un mot, si le Contentieux de la Douane a le devoir de soutenir fermement en justice les droits de celle-ci quand ils sont bien fondés, ainsi du reste qu'il l'a fait dans diverses circonstances, il doit aussi, dans l'intérêt bien entendu de l'Administration, savoir abandonner les affaires qui ne peuvent être soutenues.

Il convient, du reste, à une grande Administration comme la Douane, de donner l'exemple du respect dû aux lois et aux règlements, et on peut se demander si ce n'est pas manquer à ce respect que de ne pas éviter un procès, lorsqu'il est manifesté que pour une cause on pour une autre ces lois et règlements n'ont pas été observés.

La Commission ayant ainsi examiné successivement les quatre points qui devaient faire l'objet du présent Rapport, et ce Rapport, joint à ceux qui l'ont précédé, complétant l'étude des deux questions dont elle avait à connaître, ses travaux se trouvent terminés.

La Commission s'est efforcée, en ce qui concerne les questions de personnes, de faire équitablement la part de chacun.

En ce qui touche la marche de l'Administration elle-même, elle a également mis en lumière d'une part les efforts qui ont pu être faits dans la voie du progrès et des réformes; de l'autre les causes pour lesquelles ces efforts sont restés plus ou moins infructueux, les imperfections à réparer, les améliorations à faire, et dans ce dernier ordre d'idées les réclamations du commerce, auxquelles il peut être fait légitimement droit.

Là devait se borner l'œuvre de la Commission. C'est au Gouvernement seul qu'il appartient maintenant, tant en ce qui concerne les personnes qu'en ce qui touche l'Administration elle-même, de prendre toutes les mesures que la situation lui paraîtra comporter.

Veuillez, &c.
(Signé) ISMAIL PACHA, *Président.*
C. ARA.
A. CAILLARD.
A. COLVIN.
MORICE PACHA.
SAMI.
A. VACHER.

No. 1671.

Mr. Malet to the Marquis of Salisbury.—(Received December 20.)

(No. 672. Political.)

My Lord,

Cairo, December 13, 1879.

WITH reference to my despatch No. 641 of the 1st instant, I have the honour to inform your Lordship that the Government has been doing its utmost to secure the prospect of the payment of the tribute by the end of the year.

I have the honour to inclose herewith copies of a correspondence on the subject between the President of the Council, Riaz Pacha, and the Commissioners of the "Caisse de la Dette Publique."

His Excellency attempted to recover from the Caisse certain sums which had already been paid into it, on the ground that the Egyptian Government is bound, before satisfying any other engagement, to see to the fulfilment of an obligation which is the condition of the existence of Egypt, and to employ all resources, whencesoever they spring, to the payment of tribute.

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The Commissioners reply that they cannot return money once made over to them, but that they will make no opposition to the Government affecting to the tribute the sums of money arising from the Moukabalah due up to the 31st December.

The important point in this correspondence is the distinct enunciation by the Government of their duty with regard to the payment of tribute, and it is in accordance with the observation which I made to his Excellency under instructions from your Lordship.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure 1 in No. 1671.

Riaz Pasha to the Commissioners of the Public Debt.

Le Caire, le 9 Décembre, 1879,

Messieurs,

LE Gouvernement Egyptien s'est trouvé le 10 Octobre dernier dans l'impossibilité absolue de faire face à l'échéance du tribut.

Aux termes du Firman de Mai 1841, les droits de douanes, les dîmes, et la capitation, et même les autres revenus et produits de l'Egypte sont affectés au tribut. Tous les Firmans postérieurs, et, notamment, ceux de Mai 1866 et de Septembre 1872, stipulent expressément que "les privilèges accordés au Gouvernement Egyptien sont liés à l'entier accomplissement par le dit Gouvernement des devoirs et conditions déterminés envers le Gouvernement Ottoman."

Le Gouvernement Egyptien doit donc se préoccuper, avant de satisfaire à tout autre engagement, de remplir une obligation qui est la condition même de son existence, et employer toutes ses ressources quelles qu'elles soient au paiement du tribut.

Le Gouvernement ne voudrait pas cependant, à moins de nécessité absolue, entraver le service des intérêts garanti par des affectations consenties même postérieurement aux Firmans.

Mais le service des emprunts à court terme venant à l'échéance en 1879 étant aujourd'hui assuré par les recouvrements effectués sur la Moukabalah, je vous prie, d'accord avec les Contrôleurs-Généraux, de vouloir bien faire verser soit à la Banque d'Angleterre soit à MM. Glyn, Mills, et Cie., suivant les indications qui vous seront ultérieurement données, tous les fonds disponibles provenant de la Moukabalah, tous ceux que vous avez entre les mains que ceux qui pourront vous être remis jusqu'au 31 Décembre prochain.

Aux termes du Décret du 18 Novembre, 1876, ces fonds devraient être employés à couvrir les déficits qui se sont produits sur les recettes affectées à la Dette Unifiée, et, par ordre de date, le déficit qui s'est produit le 1^{er} Novembre, 1878. Mais vous estimerez sans doute qu'avant d'amortir par achats publics les titres de la Dette Unifiée, le Gouvernement doit respecter une affectation qui existait antérieurement aux Décrets de 1876, et satisfaire à une obligation dont l'inexécution pourrait, aux termes des Firmans, entraîner les plus graves conséquences.

Veillez, &c.
Le Ministre des Finances par intérim,
(Signé) RIAZ.

Inclosure 2 in No. 1671.

Mr. Colvin to Riaz Pasha.

Le Caire, le 10 Décembre, 1879.

M. le Ministre,

VOTRE Excellence nous a demandé par lettre du 9 courant de mettre à sa disposition, pour le paiement du tribut, les excédants de la Moukabalah.

Nous avons l'honneur de vous adresser la copie d'une délibération de la Commission de la Dette, en date de ce jour, qui fera connaître à votre Excellence dans quelle mesure il nous a paru possible de satisfaire à son désir.

Notre intention est de réserver la publication de cette délibération pour le Comptendu de l'année 1879.

Veillez, &c.
Le Commissaire de Service,
(Signé) A. COLVIN.

Inclosure 3 in No. 1671.

CAISSE SPÉCIALE DE LA DETTE PUBLIQUE.

Délibération du 10 Décembre, 1879.

LA Commission de la Dette Publique, réunie au lieu ordinaire de ses séances, a pris la délibération suivante :—

Vu la lettre de son Excellence Riaz Pacha, Président du Conseil et Ministre des Finances, en date du 9 courant, invitant la Commission de la Dette, sur l'avis conforme des Contrôleurs-Généraux, à employer au paiement du Tribut de Constantinople :

1. La portion des produits de la Moukabalah qui existe actuellement dans les Caisses de la Dette en excédant des sommes nécessaires pour la prochaine semestrialité des emprunts à court terme échéant le 8 Janvier, 1880.

2. Les autres versements qui seront faits sur la Moukabalah jusqu'au 31 Décembre courant.

Vu les motifs sur lesquels est appuyée cette double demande, à savoir :

Qu'aux termes du Firman Impérial de Mai 1841, et des Firmans ultérieurs, le paiement du tribut est garanti par les droits de douanes et tous les autres revenus quelconques de l'Egypte et fait partie des obligations qui sont la condition même de l'existence du Gouvernement Egyptien ;

Que le Gouvernement se trouve dans l'impossibilité absolue de faire face avec ses ressources ordinaires aux arriérés déjà existants du tribut ;

Que le service des emprunts à court terme venant à échéance le 8 Janvier prochain est dès à présent assuré ;

Que d'après le Décret du 18 Novembre, 1876, ces excédants de la Moukabalah actuellement disponibles devraient être employés à couvrir les arriérés de la Dette Unifiée, en observant l'ordre d'ancienneté, et seraient conséquemment applicables à l'amortissement par rachats du 1^{er} Novembre, 1878 ;

Enfin, qu'avant de procéder à un amortissement par rachats publics de la Dette Unifiée, le Gouvernement doit respecter une affectation qui existait antérieurement à celles des Décrets de 1876.

En ce qui concerne la première partie de la demande du Ministre.

Attendu que les versements faits à la Caisse de la Dette contre quittance des Commissaires, dans les conditions prévues par les Décrets de 1876, libèrent définitivement de la portion correspondante de ses engagements et que, par le fait même du versement, les fonds versés perdent le caractère de simple affectation qu'ils avaient antérieurement, pour devenir la propriété des créanciers, au même titre que s'ils avaient été employés immédiatement au paiement de leurs coupons ou au remboursement de leurs obligations ;

Attendu que la Commission, constituée dépositaire de ces fonds au nom des créanciers, ne peut s'en dessaisir que pour en faire l'emploi déterminé par les Décrets de 1876 ;

Attendu que ces fonds ainsi détenus sont à l'abri de toute revendication du Gouvernement, ou des tiers qui auraient à se prévaloir contre lui d'engagements antérieurs à 1876 ;

En ce qui concerne la seconde partie de la demande du Ministre.

Considérant qu'il n'appartient pas à la Commission de la Dette Publique de se prononcer sur la priorité d'affectation du tribut invoquée par le Gouvernement et que la solution de cette grave question pourrait entraîner des profondes modifications dans les engagements pris vis-à-vis des créanciers de la Dette Consolidée en vertu des Décrets des 2 Mai, 7 Mai, et 18 Novembre, 1876, et 15 Décembre, 1877 ;

Considérant que les créanciers de la Dette Consolidée sont intéressés au plus haut degré à ce que ces modifications, s'il y a lieu, soient mûrement étudiées et tranchées en dehors de circonstances de nature à en compromettre la solution ;

Considérant que la proposition faite par le Gouvernement tend à ce but ;

Considérant qu'il incombe aux Commissaires de la Dette, en leur qualité de représentants des créanciers, d'opter pour la solution qui doit être la moins préjudiciable aux créanciers ;

Considérant d'ailleurs l'intérêt général du Gouvernement Egyptien dont l'intérêt des créanciers est solidaire ;

Sans entrer dans l'examen de la priorité des affectations, ni apprécier le bien fondé des considérants de son Excellence relatifs à l'amortissement par rachats.

Sans rien concéder sur le principe des affectations réglées par les Décrets de 1876.

Tenant compte des circonstances exceptionnelles en présence desquelles elle se trouve placée.

La Commission de la Dette Publique,

Sous le bénéfice des déclarations qui précèdent et d'après l'avis conforme de son avocat,

Décide :

1. Qu'elle ne donnera pas suite à la demande de son Excellence concernant l'emploi des excédants de la Moukabalah déjà versés entre ses mains.

2. Qu'elle ne s'oppose pas à ce que le Gouvernement dispose pour le paiement du tribut des sommes à verser sur la Moukabalah jusqu'au 31 Décembre courant.

3. Qu'elle réserve le remboursement ultérieur de ces sommes par le Gouvernement au même titre que les autres arriérés de la Dette Consolidée.

Les Commissaires-Directeurs de la Dette,

(Signé)

P. BARAVELLI.

V. BELLAIGUE DE BUGHAS.

A. COLVIN.

A. DE KREMER.

Le Caire, le 10 Décembre, 1879.

Pour copie conforme :

Le Commissaire de Service,

(Signé)

A. COLVIN,

No. 1672.

Mr. Malet to the Marquis of Salisbury.—(Received December 22, 12.15 P.M.)

(No. 193.)

(Telegraphic.)

Cairo, December 22, 1879, 11.20 A.M.

THE Council of Ministers has decided to offer Mr. Caillard the post of Director-General of Customs, and to appoint Mr. Halton (an Englishman who has been serving under Mr. Caillard) Provisional Director-General of Posts.

No. 1673.

Mr. Malet to the Marquis of Salisbury.—(Received December 22, 5.30 P.M.)

(No. 194.)

(Telegraphic.)

Cairo, December 22, 1879, 3.30 P.M.

IT has been decided to name M. le Mesurier provisionally President of the Railway Board. His place will not be filled up, and a native member will be suppressed, thereby reducing the Board to three. Major Baring approves on grounds of economy, and because he is prepared to receive proposals for farming the railways favourably.

No. 1674.

The Marquis of Salisbury to Sir A. Paget.

(No. 592.)

Sir,

Foreign Office, December 22, 1879.

I HAVE received your Excellency's despatch No. 467 of the 9th instant, reporting a conversation which you had with M. Cairoli on the subject of the policy pursued by Italy with regard to Egyptian affairs and the Commission of Liquidation, and I have to express to your Excellency the approval of Her Majesty's Government of the language held by you on that occasion.

I am, &c.

(Signed) SALISBURY.

No. 1675.

The Marquis of Salisbury to Sir A. Paget.

(No. 594.)

Sir,

Foreign Office, December 22, 1879.

AT an interview which I had with the Italian Ambassador on the 16th instant, his Excellency made a statement to me concerning the negotiations which are in progress for the appointment of a Commission of Liquidation in Egypt. His Excellency professed that the Italian and Austrian Governments were in this matter actuated by a common interest, and were pursuing the same policy. Perhaps, his Excellency observed, the Austrian Government had not been able to explain with entire clearness what that policy was, and therefore he entered into some explanations with regard to it.

Power, General Menabrea said, was now practically in the hands of the English and French Controllers. The Austrian and Italian Governments had no political interests in Egypt, but they had commercial interests of a considerable magnitude; that though those commercial interests might not in point of value appear large by the side of those of England and France, they affected a very large number of individuals, and the Italian Government, therefore, felt bound to protect them. Under the existing arrangement, while there was great security for the interests of England and France, there was none for those of Austria and Italy. The Governments of those countries were of opinion therefore, that the Liquidation Commission ought to continue to exist after its task of liquidation was completed, in order to see that the interests of all parties were represented.

General Menabrea did not enter into any details as to the precise provisions by which this end was to be gained, but he reiterated several times, and with some warmth of language, the resolution of Italy to obtain this security.

I replied that, in the view of Her Majesty's Government, a Commission of Liquidation was a machine for the purpose of liquidating, and that when the task of liquidation was over, the reason for its existence would have disappeared. If it was continued for other purposes it would cease to be a Commission of Liquidation, and would become something totally different. It did not seem to me that any good object would be gained by trying to make one body perform two sets of functions of a totally divergent character. I quite recognized the fact that these proposals made by Austria and Italy were a serious obstacle to the institution of the Commission of Liquidation. I was sorry for it, and I was, I said, beginning to despair of a successful, or at least of an early issue to these negotiations; if they failed, if no Commission of Liquidation were appointed, the only result would be that the Khedive of Egypt would be left to pay his creditors in such proportions, and to such an extent, as he might think good, and I did not know that Italy and Austria would derive any particular benefit from this issue. I should regret it in the general interest of the creditors, but it must not be supposed that the institution of a Commission of Liquidation was a measure in which England had any special interest. It had been proposed by this country for the general good, but England would not be the principal sufferer by its failure.

With respect to what General Menabrea said as to the Controllers, I pointed out to him that they had been established in 1876, and that if their existence was no injury then to the interests of Austria and Italy, I could not understand how it had become so since.

I am, &c.

(Signed) SALISBURY.

No. 1676.

The Marquis of Salisbury to Mr. Malet.

(No. 362.)

Sir,

Foreign Office, December 24, 1879.

I HAVE to state to you that I approve the representation you have made to Riaz Pasha, as reported in your despatch No. 669 of the 12th instant, in support of Mr. Archer Shee's claim upon the Egyptian Government for six months' salary, in addition to the amount due to him up to the date when he ceased to be employed under that Government.

It is possible that Mr. Shee may have been wanting in judgment in the manner in which he has denounced some of the abuses existing in the Customs Administration. The Egyptian Government, however, may reasonably consider itself under an obligation to Mr. Shee for his honourable exposure of them, and should give him the full compensa-

tion on quitting their service to which he can lay claim under the promise given to Mr. Lascelles by Chérif Pasha.

I am, &c.
(Signed) SALISBURY.

No. 1677.

The Marquis of Salisbury to Mr. Malet.

(No. 363.)

Sir, *Foreign Office, December 24, 1879.*
THE announcement contained in your despatch No. 670 of the 13th instant, of the appointment of Mr. Fitzgerald as Director-General of State Accounts, has been received with satisfaction by Her Majesty's Government.

I am, &c.
(Signed) SALISBURY.

No. 1678.

Mr. Corbett to the Marquis of Salisbury.—(Received December 29.)

(No. 295.)

My Lord, *Athens, December 6, 1879.*
THE inability of the Greek Government to obtain the guarantee they asked from France that the creditors of their own country should not be compromised, but should be placed on the same footing as those of France, has decided them to refuse to give their adhesion to the Rothschild Loan Decree.

They fear that they might be held civilly responsible towards the Hellenic subjects in Egypt, and that both the nation and the Parliament might hold themselves to be thereby compromised.

I have, &c.
(Signed) EDWIN CORBETT.

No. 1679.

Mr. Corbett to the Marquis of Salisbury.—(Received December 29.)

(No. 299.)

My Lord, *Athens, December 11, 1879.*
M. TISSOT, the French Minister at this Court, has received instructions from his Government to make a declaration in the following sense to the Hellenic Government, namely, that France, acting in conjunction with the four other Great Powers—Germany, Austria, Italy, and England—associates itself to the declaration made by the Egyptian Government guaranteeing that the creditors belonging to the Greek nation shall be treated on the same footing as those of other nationalities.

M. Tissot informs me that, in the event of the other four Powers joining with France in making this declaration, the Hellenic Government will, without doubt, give their adhesion to the Rothschild Loan Decree, and he has heard from Paris that this step has already been decided upon.

M. Curtopassi (the Italian Minister) and the German Chargé d'Affaires have already received the authorization of their respective Governments, while the Austrian Minister's instructions are in the same sense as those contained in your Lordship's telegram of yesterday's date, and he has therefore telegraphed to ask whether he should act with his colleagues.

I have the honour to request that your Lordship will inform me whether, in the event of all four Powers being unanimous, I should also join in the declaration proposed by the French Government.

I have, &c.
(For Mr. Corbett),
(Signed) AUG. H. MOUNSEY.

No. 1680.

Mr. Corbett to the Marquis of Salisbury.—(Received December 29.)

(No. 302.)

My Lord, *Athens, December 14, 1879.*
IN accordance with the instructions contained in your Lordship's telegram of yesterday, I have the honour to report that I this day made a declaration to the Greek Minister for Foreign Affairs in the sense of your Lordship's telegrams of the 10th and 13th instant.

After remarking that this declaration differed in some respects from the declarations made by the other four Powers, his Excellency informed me that, for political reasons, he had already sent instructions to the Greek Agent in Egypt ordering him to notify the adhesion of Greece to the recent Decree of His Highness the Khedive to the Egyptian Government.

I have, &c.
(For Mr. Corbett),
(Signed) AUG. H. MOUNSEY.

No. 1681.

Mr. Corbett to the Marquis of Salisbury.—(Received December 29.)

(No. 303.)

My Lord, *Athens, December 15, 1879.*
WITH reference to my preceding despatch, No. 302, relative to the adhesion of Greece to the Rothschild Loan Decree, I have the honour to inclose herewith a copy of the declaration which I drew up on this subject, in accordance with the instructions conveyed to me in your Lordship's telegram of the 13th instant.

In handing this declaration to M. Delyanni yesterday, I expressed the hope that the Greek Government would consider it satisfactory, and at once notify its adhesion to the Decree.

His Excellency having read my communication, remarked that it was not couched in exactly the same terms as the declarations he had received from the Representatives of France, Italy, Germany, and Austria-Hungary; and he then proceeded to tell me that he was not quite satisfied with the manner in which Greece had been treated in this affair.

Greece, he said, had more creditors than any of the other Powers—as many, indeed, he believed, as all the Powers together—and yet Greece had been the last of all the interested parties to be consulted in the matter, and the last to learn the tenour of the Decree. He had, nevertheless, always been desirous to act in concert with the other Powers; and, though he foresaw that his countrymen would be very considerable losers by the Decree, political reasons had induced him and his colleagues to adhere to it, and he had accordingly already sent instructions in this sense to the Greek Agent at Alexandria.

In thanking his Excellency for this information, I assured him that I felt convinced that there had been no intention on the part of Her Majesty's Government to act in any but a courteous manner towards Greece in this matter.

I inclose copies of the declarations on this subject made to the Greek Government by the Ministers of France and Italy and by the Representatives of Germany and Austria-Hungary.

I have, &c.
(For Mr. Corbett),
(Signed) AUG. H. MOUNSEY.

Inclosure 1 in No. 1681.

Mr. Corbett to M. Delyanni.

M. le Ministre,

Athens, December 14, 1879.
IN accordance with the instructions which I have received from Her Majesty's Principal Secretary of State for Foreign Affairs, I have the honour to inform your Excellency that Her Majesty's Government are of opinion that all the creditors affected by the recent Decree of His Highness the Khedive relative to the Loan of Messrs. Rothschild should

be treated in the same manner, irrespective of their nationality, and, consequently, that Greek creditors ought to be treated, as regards their position as creditors, in the same way as French creditors, as such.

I am also instructed by the Marquis of Salisbury to state to your Excellency that Her Majesty's Government will use their influence with the Egyptian Government, or any other authority charged with this matter, to induce it to act according to the above view.

I avail, &c.
(For Mr. Corbett),
(Signed) AUG. H. MOUNSEY.

Inclosure 2 in No. 1681.

The French and Italian Ministers to M. Delyanni.

M. le Ministre, *Athènes, le 12 Décembre, 1879.*
J'AI l'honneur de vous faire savoir que mon Gouvernement, d'accord avec les Cabinets de Berlin, de Vienne, de Rome, et de Londres, s'associe à la déclaration du Gouvernement de Son Altesse le Khédive, qui garantit l'égalité de traitement réclamée par le Gouvernement Hellénique en faveur des sujets Helléniques porteurs d'inscriptions hypothécaires sur les biens de la Daira postérieures à l'Emprunt de Messrs. Rothschild.

Les créanciers Helléniques étant ainsi assurés d'être traités sur le même pied que les créanciers Français, Allemands, Austro-Hongrois, Italiens, et Anglais, qui se trouvent dans la même situation, le Gouvernement Hellénique ne peut plus avoir d'objection à donner son assentiment au Décret de Son Altesse le Khédive concernant l'insaisissabilité des immeubles destinés à servir à l'hypothèque pour l'Emprunt Rothschild, et j'ai l'honneur de vous prier en conséquence de vouloir bien me notifier cette adhésion aussitôt que possible.

Agrérez, &c.

Inclosure 3 in No. 1681.

The German and Austro-Hungarian Ministers to M. Delyanni.

M. le Ministre, *Athènes, le 12 Décembre, 1879.*
L'ENVOYÉ de France vous a fait savoir que son Gouvernement, d'accord avec les Cabinets de Berlin, Vienne, Rome, et Londres, s'associe à la déclaration du Gouvernement de Son Altesse le Khédive qui garantit l'égalité de traitement réclamée par le Gouvernement Hellénique en faveur des sujets Helléniques porteurs d'inscriptions hypothécaires sur les biens de la Daira postérieures à l'Emprunt de Messrs. Rothschild.

J'ai l'honneur d'informer votre Excellence que d'ordre de mon Gouvernement je me joins à cette déclaration de M. Tissot.

Les créanciers Helléniques étant ainsi assurés d'être traités sur le même pied que les créanciers appartenant aux autres pays qui se trouvent dans la même situation, le Gouvernement Hellénique ne peut plus avoir d'objection à donner son assentiment au Décret de Son Altesse le Khédive concernant l'insaisissabilité des immeubles destinés à servir à l'hypothèque pour l'Emprunt Rothschild, et je vous prie en conséquence de vouloir bien me notifier cette adhésion aussitôt que possible.

Agrérez, &c.

No. 1682.

Mr. Corbett to the Marquis of Salisbury.—(Received December 29.)

(No. 306.)

My Lord,

Athens, December 17, 1879.

WITH reference to my despatch No. 303 of the 15th instant, I have the honour to inclose herewith to your Lordship a copy of a note, of yesterday's date, which I have received from M. Delyanni, informing me that the Greek Government, taking note of the assurance given by the English Government, in conjunction with the Cabinets of Paris, Berlin, Vienna, and Rome, that the Greek creditors affected by the Rothschild

Loan Decree will be treated on the same footing as those of the other Powers in a similar position, has decided on giving its adhesion to the Decree in question, and that he has already instructed the Greek Agent at Alexandria to make a declaration in this sense to the Government of the Khedive.

I have, &c.
(For Mr. Corbett),
(Signed) AUG. H. MOUNSEY.

Inclosure in No. 1682.

M. Delyanni to Mr. Corbett.

M. le Ministre, *Athènes, le 4^e Décembre, 1879.*

EN réponse à l'office que vous m'avez fait l'honneur de m'adresser le 1^{er} courant, je m'empresse de vous communiquer que le Gouvernement Royal, prenant acte de l'assurance donnée par le Gouvernement Anglais, d'accord avec les Cabinets de Paris, de Berlin, de Vienne, et de Rome, que les créanciers Hellènes, porteurs d'inscriptions hypothécaires sur les biens de la Daira, postérieures à celle prise par MM. de Rothschild, seront traités sur le même pied que les créanciers Anglais, Français, Italiens, Allemands, et Austro-Hongrois, qui se trouvent dans la même situation, s'est décidé à donner son adhésion au Décret du Khédive, concernant l'insaisissabilité des immeubles destinés à servir d'hypothèque à l'Emprunt Domanial.

En vous communiquant aussi que j'ai déjà télégraphié à notre Agent Politique à Alexandrie d'adresser une déclaration en ce sens au Gouvernement du Khédive, je vous prie d'agréer, &c.

(Signé) THEODORE P. DELYANNI.

No. 1683.

Mr. Corbett to the Marquis of Salisbury.—(Received December 29.)

(No. 308. Secret.)

My Lord,

Athens, December 18, 1879.

THE communication to the Greek Government of the almost identical declarations of the Representatives of France, Italy, Germany, and Austria-Hungary in regard to the Rothschild Loan Decree, on the 12th instant, and without the participation of Her Majesty's Representative, appears to have been due either to a mis-statement on the part of the Austro-Hungarian Minister, Count Dubsky, or to a misapprehension on that of the French Minister, M. Tissot.

On the 10th instant a consultation relative to the wording of the proposed declaration, and an inter-communication of their respective instructions, took place between the above-named Representatives, and it then appeared that these instructions were not identical. The Italian Minister, M. Curtopassi, was authorized to make any declaration that might be agreed upon by all his colleagues; the German Chargé d'Affaires, Baron Plessen, had orders to act in concert with M. Tissot; but Count Dubsky had no definite instructions. He therefore telegraphed to Vienna for further orders, and on the 11th received a reply instructing him to act with his German colleague.

On the 12th instant Count Dubsky called on M. Tissot to impart this information to him, and in the course of conversation used words which led M. Tissot to believe that I had likewise been empowered to join in an identical declaration.

Thereupon M. Tissot, who had deferred acting further in this matter until Count Dubsky and I received instructions similar to his own, sent in to the Greek Foreign Office the declaration, copy of which is inclosed in my despatch No. 303 of the 15th instant, and at the same time informed M. Curtopassi of this proceeding, adding that he had heard from Count Dubsky that I had orders to act in the same way.

The Italian Minister consequently forwarded his declaration to M. Delyanni on the same day, the German Chargé d'Affaires, in pursuance of his instructions to act with M. Tissot, did likewise, and was in turn followed by Count Dubsky.

On the 14th instant M. Tissot called on me, and then learnt for the first time the real nature of my instructions. He seemed rather annoyed at what had happened, but said that he supposed that Count Dubsky's statement had been involuntary.

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I have thought it advisable to report this incident to your Lordship, as it partly explains why the Greek Government notified its adhesion to the Decree without waiting for the declaration of Her Majesty's Government, and why the words "d'accord avec les Cabinets de Berlin, de Vienne, de Rome, et de Londres" were used in the declarations of my colleagues.

I have, &c.
(For Mr. Corbett),
(Signed) AUG. H. MOUNSEY.

P.S.—I should add that this incident has not had, and is not likely to have, any further consequences.

A. H. M.

No. 1684.

Mr. Malet to the Marquis of Salisbury.—(Received December 29.)

(No. 679. Political.)

My Lord,

Cairo, December 17, 1879.

WITH reference to my despatch No. 672, Political, of the 13th instant, I have the honour to inclose herewith an extract from a French newspaper published in Alexandria, called the "Courrier Egyptien," which explains in a remarkably clear manner the questions which have arisen between the Government and the "Caisse de la Dette Publique" regarding the sums to be affected to the tribute, and demonstrates the necessity of regarding the tribute as a first charge on the revenues of Egypt without exception.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 1684.

Extract from the "Moniteur Egyptien" of December 15, 1879.

IL est un document que tout le monde a lu, ceux-là même qui ont le moins de goût pour la lecture des documents officiels ou politiques, c'est le Firman Impérial remis à Son Altesse Tewfik I^{er}, le 14 Août, 1879, dans la Citadelle du Caire.

Chacun se souvient donc de cette phrase : "l'Administration Egyptienne aura soin de veiller à ce que le tribut annuel fixé à £ T. 750,000 soit payé régulièrement."

Payez le tribut ! C'est l'essentiel. Tout le reste peut, plus ou moins, être considéré comme des modulations sur ce thème.

"Nous vous avons reconnu," semble dire la Sublime Porte à l'Egypte, "tous les droits d'un Khédiviat autonome ; de la chaîne qui reliait l'Egypte à la Turquie il ne reste qu'un anneau : le tribut. Payez-le ! D'abord nos finances en ont si grand besoin qu'il est engagé d'avance à nos créanciers ; puis, c'est le seul gage qui nous reste de la dépendance d'une ancienne vassale."

Cependant le tribut n'est pas payé ; la Porte attend, les créanciers de la Porte attendent !

Ne croyez pas pour cela que personne songe à méconnaître les droits de l'Empire Ottoman. Loin de là, Son Altesse le Khédive est le plus féal sujet de Sa Majesté le Sultan ; le Ministère n'a qu'un désir : payer ; les Contrôleurs-Généraux et les Commissaires de la Dette Publique reconnaissent ensemble le caractère essentiellement obligatoire de la dette de l'Egypte vis-à-vis de la Turquie. Chef de l'Etat, Ministère, Contrôleurs et Commissaires de la Dette, tous savent que laisser le tribut en souffrance, c'est porter atteinte à la base même de la constitution politique Egyptienne.

Est-ce l'argent qui manque ? Pas absolument ! Sans doute il serait impossible de verser dès aujourd'hui les £ T. 360,000 qui restent dues environ sur le tribut de 1879 ; il ne le serait pas de donner à la Porte quelques à-comptes sur cette somme.

Il y a donc désir de payer d'une part, possibilité matérielle de le faire dans une certaine mesure de l'autre ; si on ne paye pas, où gît l'*impedimentum* ?

Dans la rédaction d'un Décret. Ceci demande quelques explications.

L'Article 2 du Décret du 18 Novembre, 1876, relatif à la conversion de la Dette Publique d'Egypte, porte que :

"Tous les produits de la Moukabalah seront appliqués à l'amortissement des Emprunts 1864-65 et 1867 et de la Dette Unifiée."

Pour les sommes disponibles provenant de la Moukabalah, l'Article 6 du même Décret en règle ainsi l'emploi :

"Dans le cas, où, après qu'il aura été pourvu au service de la Dette Publique, les revenus seraient insuffisants pour faire face aux dépenses budgétaires du Gouvernement, le Comité des Finances composé du Ministre des Finances et des deux Contrôleurs-Généraux, en prévient la Commission de la Dette Publique qui retiendra sur les fonds disponibles provenant de la Moukabalah et destinés à l'amortissement de la Dette Unifiée, la somme nécessaire pour combler la différence."

L'insuffisance des revenus de cette année est notoire : Le Comité des Finances peut donc, aux termes du paragraphe ci-dessus, demander à la Commission de la Dette de lui remettre les fonds disponibles provenant de la Moukabalah qui peuvent exister dans sa Caisse. Mais ce qui n'est pas moins notoire, c'est qu'il n'a pas été pourvu au service de la Dette Publique et, dès lors, aux termes du même paragraphe, c'est à la fois le droit et le devoir de la Commission de s'y refuser.

En tête du Budget de 1879, nous trouvons comme premier chapitre : "Tribut et Dette Publique." C'est, en effet, l'ordre chronologique de ces deux obligations, puisque, dès 1841, un Firman Impérial affectait à la garantie du tribut, tous les revenus généralement quelconques de l'Egypte.

Quant à l'importance relative de la Dette Publique et du tribut, il ne faut pas oublier que, si, d'une part, l'Egypte ne peut se soustraire aux engagements qu'elle a pris avec l'Europe ; d'autre part, elle n'a d'existence politique distincte de celle de l'Empire Ottoman, qu'à cette condition formellement imposée et formellement acceptée, de rester tributaire de cet Empire.

Cependant le Décret du 18 Novembre, 1876, est là, et ce n'est pas à la Commission de la Dette qu'il appartient d'interpréter, encore moins de modifier, un Décret qui l'a instituée.

Dans ce Décret nous cherchons en vain un mot, une trace, qui indique que le législateur s'est souvenu de la priorité des droits de la Turquie sur ceux des porteurs de titres.

Dans le Décret précédent, du 7 Mai, 1876, réglant l'affectation des revenus à la Dette Générale, on s'attendrait à voir réserver les droits de la Turquie ; point ! même oubli de la part du législateur.

Toute autre Puissance, à la place de la Sublime Porte, eût exigé que cette réserve fût faite.

Elle n'y a pas songé, ce qui n'est pas très-surprenant peut-être ; mais ce qui l'est plus, c'est que les porteurs de titres des emprunts Ottomans garantis par le tribut Egyptien, qui avaient un intérêt direct et un droit incontestable à exiger cette réserve, n'y ont pas songé davantage.

Ce dont il s'agit aujourd'hui, ce n'est donc pas de quelques milliers de livres qui existent peut-être dans la Caisse de la Dette Publique en excédant des sommes nécessaires au prochain coupon de l'Emprunt 1865 et que la Commission de la Dette, le Décret du 18 Novembre en main, se refusera certainement à verser au Trésor.

C'est une question de principe qui est en jeu. Il faut subordonner le paiement intégral de l'annuité du tribut au paiement intégral de l'annuité de la Dette Publique, ou *vice versa*.

Cette question, nous n'avons pas la prétention de la résoudre, et, si nous avons mis un point d'interrogation en tête de ces lignes, c'est que nous ne voulions que la poser.

Nous dirons seulement que si, suivant les termes dont s'est servie la Commission Supérieure d'Enquête :—

"Il est assurément grave de porter atteinte aux bases d'un projet aussi habilement conçu que le Décret du 18 Novembre, 1876 ;"

Il est sans doute plus grave encore, en laissant en souffrance le tribut, de porter atteinte à la base même de la Constitution Egyptienne.

X. X.

Mr. Malet to the Marquis of Salisbury.—(Received December 29.)

(No. 684. Political.)

My Lord,

Cairo, December 20, 1879.

WITH reference to my despatch No. 668, Political, of the 12th instant, I have the honour to inclose copies of four more letters which have passed between Mr. Scrivenor and me with reference to his dismissal from the post of Director-General of Customs, and I beg your Lordship to instruct me as to how far I should support Mr. Scrivenor's claim against the Government arising out of their action. I think it right to say that I have declined to press the claim made by Mr. Scrivenor on the Government without instructions from your Lordship with considerable reluctance, as Mr. Scrivenor's antecedents entitle him to the highest consideration and respect. It must be borne in mind that it is notorious that during the time he has held the post of Director-General of Customs he has had to struggle against difficulties which could be met with nowhere but in an Oriental country, where it is not too much to say that the system of Administration has been based upon disorder, and a functionary who has to a great extent accomplished the task of bringing the service into an efficient working condition deserves to have the difficulties of his task fully recognized and set against errors of judgment of an isolated character.

Mr. Scrivenor's conscientious discharge of his duties and his uprightness, which have been a shining example to his subordinates, deserve the fullest recognition.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure 1 in No. 1685.

Mr. Scrivenor to Mr. Malet.

Dear Mr. Malet,

Alexandria, December 14, 1879.

I HAVE to thank you for your letter of the 11th instant. I inclose a second communication from the Minister, stating that a copy of the Report will shortly be sent to me. I shall then learn for the first time the charges against me. I cannot, however, recognize the Report of an inquiry conducted as this has been as sufficient to justify my abrupt removal from my post, no matter what its tenour or terms. It might serve as the basis of a regular inquiry into charges which the Government may have to bring against me, in which evidence on oath only would be accepted, and full opportunities afforded me to produce my evidence and to reply to my accusers. I ask your intervention that so much fair play may be accorded me.

I desire that my position shall be at once clearly defined. Whatever inference may be drawn from the Minister's letters of the 6th and 13th instant, I do not accept them as implying an intention to break my contract, of which he avoids all mention.

This contract engages me to perform certain specified functions, and even should it be held that these functions, although not of an administrative character, were similar to, and have been merged in those of, Director-General of Customs, my contract does not admit of other and most onerous duties being imposed upon me, as "octroi of tobacco," coastguard, &c., which are not customs, and which have hindered me from concentrating my whole energies upon the heavy task I had contracted to perform.

Further, if I have failed to achieve in my first two years and a half all I proposed, I submit that the fault lies with the Government, which has denied me both the men and the measures I needed and demanded urgently and often, as I can abundantly prove. On these grounds alone I am justified in holding my full contract, both in law and in reason, as intact.

I submit also for your favourable consideration that I, having been, at the instance of the Treasury, selected by the Board of Customs to fill the post of Controller and Inspector, an official reference should be made to that Administration, as the authorities alone competent, after more than thirty years' experience, to pronounce on my merits and capacity, before admitting the validity of a private Report made by persons wholly ignorant of Customs matters, whose statements I have had no opportunity of knowing and refuting, but which purport to give the lie to my laboriously-earned official

reputation, if one may judge from the action taken upon it—action which reflects equally upon those who chose me as upon me personally.

But I will ask you first to intervene in your official capacity on my behalf and call upon the Government of the Khedive to place me at once in a position to perform my part of the contract, and that they shall fulfil theirs. I demand this on the ground of justice and equity only. I do not, at this moment, insist on the evident legal force of my contract, as I have no desire to enforce my rights until all other means shall have failed.

I contend that I have already, under circumstances of inconceivable difficulty, materially improved the condition of the custom-houses, and steadily developed the revenues of importation, as well as established many valuable precedents, introduced order and regularity, and given great aid and facilities to commerce.

Evidence in my possession, public opinion, and a written testimonial now spontaneously offered me by the commerce of Alexandria (of which I will send you a copy in a few days), will prove the truth of my assertions.

I place my case in your hands with entire confidence, and venture to beg your early action and reply.

Very, &c.
(Signed) G. H. SCRIVENOR.

Inclosure 2 in No. 1685.

Riaz Pasha to Mr. Scrivenor.

Monsieur,

Le Caire, le 13 Décembre, 1879.

EN réponse à votre lettre du 10 Décembre courant, je ne puis que confirmer a notification qui vous a été faite par lettre du 6 courant.

Suivant le désir que vous m'exprimez, je vous ferai parvenir, dès que la copie en sera terminée, un exemplaire du Rapport de la Commission d'Enquête sur l'Administration les Douanes.

Veillez, &c.
Le Ministre des Finances,
(Signé) RIAZ.

Inclosure 3 in No. 1685.

Mr. Malet to Mr. Scrivenor.

Dear Mr. Scrivenor,

Cairo, December 15, 1879.

IN your letter of yesterday's date you ask me to intervene officially in your behalf and to call upon the Government of the Khedive to place you at once in a position to perform your part of your contract, and that they shall fulfil theirs.

I am quite ready to request the Government to fulfil the contract, and, indeed, I have already done so in general terms, but before I proceed further, I think it would be well that you should let me know exactly what interpretation you put upon it, and in what manner you consider it to be broken. It might prejudice your case if I were to make a request in your behalf which falls short of what you hold to be due to you.

I sent the Reports of the Commission of Inquiry to Lord Salisbury on Saturday, as well as copies of your contract and letter of instructions from the Khedive. These, in conjunction with your own previous letters, will enable Her Majesty's Government to form an opinion upon the case.

So that if I do not feel able to accede to any request which you may make to me without instructions from home, I shall be able to obtain them without delay.

Believe me, &c.
(Signed) EDWARD B. MALET.

Inclosure 4 in No. 1685.

Mr. Scrivenor to Mr. Malet.

Dear Mr. Malet,

Alexandria, December 17, 1879.

I HAVE to thank you for your letter of the 15th instant.

With regard to my contract, its terms are, I think, clear. It is a ten years' engagement divided into two periods; the first period of five years absolute and unconditional, the second of five years (or more) subject to the conditions that I shall perform my duties of Controller and Inspector during the first period in a satisfactory manner and shall be guilty of no grievous misconduct.

The term "satisfactory manner" I hold to mean that I shall prove reasonably competent to perform the contractual duties, that I shall have a sufficient technical knowledge of those duties, and that I shall render due diligence in the performance of them; further, that my alleged incompetency or negligence must be shown to be of a serious, enduring, and incontestable character to warrant the non-fulfilment of the contract for the second term of five years (or more).

I now require that I should be restored to active service as Controller and Inspector-General, and that my salary should be paid to me monthly, or, should the Government decline or be unable to employ me in my contractual functions, that they should cancel my contract by compensating me on the basis of the ten years' engagement, and let me be free to go.

I have before me copies of the Reports of the Commission, and am preparing a memorandum, which I hope to be able to forward to you in a few days, and which I shall beg of you to forward to Lord Salisbury that he may more fairly judge of the Reports by the light of my explanations.

I do not try to persuade myself that the remarks I shall have to offer will have any effect on the opinions formed by the Commission, but as I have been degraded from my office ostensibly on their finding without having been accused or heard in reply, I claim the right at least to attempt to redeem my reputation in the eyes of my own Government, of my old chiefs and colleagues and fellow-countrymen.

You ask me in what manner I consider my contract broken. I cannot say that it is broken, but I consider that the Government in refusing, by its Agent, the present Director-General of Customs, to pay me my salary for the past month of November unless I consent to take at the same time seven days of the present month and give an acquittance in full, seeks, if not to break, at all events to evade or prejudice my rights under my contract. I claim that my November salary shall be paid on demand and on my ordinary and simple receipt, and that my salary for the succeeding months shall be regularly paid as it falls due. In return for this I am prepared, and have already offered, to render faithfully the services provided for in my contract until its expiration.

Believe me, &c.

(Signed) GEO. H. SCRIVENOR.

Inclosure 5 in No. 1685.

Mr. Malet to Mr. Scrivenor.

Dear Mr. Scrivenor,

Cairo, December 20, 1879.

I BEG to acknowledge the receipt of your letter of the 17th instant, received yesterday afternoon.

I am quite ready to press the Government to complete the payment to you of your salary as Director-General of Customs for the first period of five years mentioned in your contract, but I do not propose to do more than this without instructions from Lord Salisbury, because I fear that such a claim would meet with an absolute refusal and a suggestion that you should have recourse to the Courts of Law; also because the claim is founded on the principle that the Government has not the right to relieve you of your duties in consequence of the Report of the Commission that the duties of which the Government has relieved you are not those contemplated by your contract, and that if you have ceased to be Director-General of Customs you should be restored to active service as Controller and Inspector-General, the functions contemplated by the contract.

I feel that it would not be right for me to decide, without reference to higher

authority, the two points as to the competency of the Government to act in consequence of the Report of the Commission, and as to the continuance of your position as Controller and Inspector-General, after decision of the point as to the right of the Government to relieve you of your duties as Director-General.

I therefore ask Lord Salisbury, by to-day's mail, to give me instructions as to the course which I should pursue.

Believe me, &c.

(Signed) EDWARD B. MALET.

No. 1686.

Mr. Malet to the Marquis of Salisbury.—(Received December 29.)

(No. 685. Confidential.)

My Lord,

Cairo, December 20, 1879.

WITH reference to General Marriott's death, I had the honour to ask your Lordship, on the 18th instant, by telegraph, whether Mr. le Mesurier, a member of the Railway Board, at present absent on leave, could come back immediately if required. I did this at the instance of Major Baring, who informed me that M. de Blignières and he had decided to recommend the Government to appoint Mr. le Mesurier, provisionally, President of the Board, and to leave the post hitherto occupied by Mr. le Mesurier vacant. The other member of the Railway Board is M. Timmerman, a French gentleman. M. de Blignières had entirely concurred in the maintenance of the Presidency in English hands. I, on my part, have taken an opportunity to say to Riaz Pasha that of course the death of General Marriott would make no difference in the composition of the Railway Board with regard to the nationality and functions of its members as established by the Decree of the 18th November; and I asked his Excellency whether the Government had yet considered what Englishman they should appoint to fill the post of President. His Excellency replied that as yet the matter had not come up for consideration.

I have, &c.

(Signed) EDWARD B. MALET.

No. 1687.

Mr. Malet to the Marquis of Salisbury.—(Received December 29.)

(No. 686. Political.)

My Lord,

Cairo, December 20, 1879.

I HAVE the honour to inclose herewith a copy of a note from Moustapha Fehmy Pasha, Minister for Foreign Affairs, requesting that the leave of absence accorded to Mr. Gerald Fitzgerald by the Government of India may be extended in order that he may continue to exercise the post of Director-General of Accounts, to which he has been appointed by the Khedive.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 1687.

Moustapha Fehmy Pasha to Mr. Malet.

M. l'Agent et Consul-Général,

Caire, le 18 Décembre, 1879.

VOUS savez sans doute déjà que Son Altesse le Khédive a bien voulu, sur la proposition de son Excellence le Ministre des Finances, nommer Mr. Gerald Fitzgerald, Directeur-Général de la Comptabilité au Ministère des Finances.

Seulement, comme il est à la connaissance du Gouvernement de Son Altesse que Mr. Fitzgerald relève du Gouvernement des Indes, et que le congé en vertu duquel il est en Egypte expire prochainement, je m'adresse à votre obligeant intermédiaire pour qu'une prolongation de congé lui soit accordée.

Je me plais à espérer que vous voudrez bien appuyer ma démarche auprès de qui de droit, et je saisis cette occasion, M. l'Agent et Consul-Général, &c.

(Signé)

MOUSTAPHA FEHMY.

No. 1688.

Mr. Malet to the Marquis of Salisbury.—(Received December 29.)

(No. 688. Political.)

My Lord,

Cairo, December 20, 1879.

I HAVE the honour to transmit herewith a copy of the note of the Greek Agent and Consul-General by which he notified to the Minister for Foreign Affairs the adhesion of the Greek Government to the Rothschild Decree of the 15th November.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 1688.

M. Dragoumi to Moustapha Fehmy Pasha.

M. le Ministre,

Alexandrie, le 1^{er} Décembre, 1879.

CONFORMÉMENT aux instructions que je viens de recevoir d'Athènes, j'ai l'honneur de vous informer que le Gouvernement Royal, prenant acte de l'assurance qui lui a été donnée par le Gouvernement de France, d'accord avec ceux d'Angleterre, d'Allemagne, d'Autriche-Hongrie, et d'Italie, que les citoyens Hellènes porteurs d'hypothèques postérieures aux inscriptions hypothécaires prises par Messrs. de Rothschild, seront traités sur le même pied que les sujets Français, Anglais, Allemands, Austro-Hongrois, et Italiens, créanciers de la même catégorie, donne son adhésion au Décret de Son Altesse le Khédive, sur l'insaisissabilité et l'inaliénabilité des biens domaniaux que garantissent l'Emprunt Rothschild.

Veuillez, &c.

(Signé) N. DRAGOUMI.

No. 1689.

Mr. Malet to the Marquis of Salisbury.—(Received December 29, 3 P.M.)

(Telegraphic.)

Cairo, December 29, 1879, 3.20 P.M.

M. DE BLIGNIÈRES leaves Cairo to-day for Paris, having received news that his mother is on her death-bed. He hopes to be back in three weeks.

No. 1690.

Mr. Malet to the Marquis of Salisbury.—(Received December 30.)

(No. 196.)

(Telegraphic.)

Cairo, December 29, 1879.

M. LIRON D'AIROLLES, Secretary-General of the Control, will act as Controller-General during M. de Blignières' absence. This is at Major Baring's particular request, as he considers it necessary that he should be seconded at the Council.

No. 1691.

Mr. Malet to the Marquis of Salisbury.—(Received December 31.)

(No. 198.)

(Telegraphic.)

Cairo, December 30, 1879, 4 P.M.

WITH reference to the words "concours des Puissances" in Article 3 of the Rothschild Decree of the 15th November, Major Baring asks me to send your Lordship the following message, and to say that a reply is urgent.

M. Ring begs your Lordship to communicate it to French Government that he may receive instructions.

"Pounds sterling one million, destined to meet claims of 'créanciers hypothécaires,' have been already paid to the Commissioners, who are now honouring the drafts on them

by the Finance Minister. No difficulty has in this case arisen, as the Commissioners agree in considering that in virtue of the Decree itself the Powers had already consented to pay this class of creditors in full.

"We shall now, however, very shortly wish to proceed to a first distribution of money to the remaining creditors. As no Commission of Liquidation has been nominated, it will be necessary to obtain 'le concours des Puissances,' and here the question arises of what Powers are meant? Does the Decree imply the assent of all the Powers who took part in the constitution of the International Tribunals? or does it merely imply the assent of the five Powers who were consulted prior to the issue of the Decree, and who in fact took part in framing it?

"The latter reading would of course simplify matters most, and it will be the duty of the Egyptian Government to inform the Commissioners of Debt which reading they are to adopt.

"Before advising on subject I should be glad to know which construction Her Majesty's Government and the French Government are ready to adopt."

No. 1692.

Mr. Malet to the Marquis of Salisbury.—(Received December 31.)

(No. 199.)

(Telegraphic.)

Cairo, December 31, 1879.

MAJOR BARING informs me that the whole of the money necessary to pay the coupons due last October on the Tribute Loans will be remitted by to-morrow.

APPENDIX.

No. 1.

Sir G. Elliot, M.P., to the Marquis of Salisbury.—(Received June 5.)

(Private.)

My Lord,

2, Great George Street, Westminster, S.W., June 3, 1879.

I HAVE the honour to inclose, for your Lordship's perusal, a printed statement of the position of Greenfield and Co., the contractors for the works of the port of Alexandria, in Egypt, and most respectfully beg that your Lordship will cause due note to be taken by the Representative of the English Government at Cairo of our claims, as set forth in the document referred to, so that he may understand the matter, and be instructed by your Lordship to keep steadily before him the rights and securities held by us for the execution of this great international work, so that the payment for the same may not be prejudiced, and that no act or Decree shall be permitted to take from us the rights and securities which, by Conventions and Decree, have been guaranteed to us.

As a member of the firm of Greenfield and Co., I have, &c.

(Signed) GEORGE ELLIOT.

Inclosure 1 in No. 1.

ALEXANDRIA HARBOUR WORKS (EGYPT). EGYPTIAN GOVERNMENT. GREENFIELD AND CO.

My Lord,

2, Great George Street, Westminster, S.W., June 3, 1879.

WE have the honour of submitting for your Lordship's consideration the following statement of facts:—

In 1867, the Egyptian Government having expressed its willingness to grant a concession of a harbour to be constructed at Alexandria, the concessionnaires of which would have had the right of charging and receiving port, harbour, and wharfage dues over a term of years, Mr. McClean (President of the Institution of Civil Engineers), Mr. Abernethy, C.E., and Mr. (now Sir George) Elliot, visited Egypt, carefully examined the port, and prepared plans and estimates, at the request of His Highness the Khedive, with a view to the obtaining of such a concession.

The French and English Governments, however, having objected to the harbour becoming a private enterprise, the concession was not granted. Plans for the port were prepared by other persons, and finally, in 1869, a Commission was appointed by His Highness the Khedive to examine these projects. That of which a copy is Annex No. 1. annexed was approved by the Commission and by the Representatives of the various nationalities interested, as appears from the signatures attached.

The Egyptian Government decided to carry out the works themselves, instead of giving the concession to Messrs. Greenfield and Co.

After a competition between the French and English contractors, it was decided that the work should be executed by Messrs. Greenfield and Co. The proposition forming the basis of the arrangement was made on the 14th May, and accepted in August 1869. (See the letter of his Excellency Chérif Pasha, dated the 14th May, Annex No. 2. 1869.)

An interval took place in order to obtain the acquiescence of the several European Governments previous to commencing the undertaking, as the principle upon which it is founded was that reasonable charges should be made for the use of the works to be constructed, in accordance with a letter written by Lord Clarendon, as the Foreign Secretary of that day, which has recently been before the Foreign Office and the Board of Trade when the Tariffs were under discussion.

In the early part of 1870 the works were commenced by Messrs. Greenfield and Co. under their contract, the prices were furnished by the Egyptian Government, and were the same as those paid to Dussaud Frères for similar works executed by that firm at Suez.

Annex No. 3.

This is more fully set forth in the letter from his Excellency Chérif Pasha of the 11th March, 1870. The said works have been carried on ever since, and are now approaching completion. It will be remarked that the works were to be paid for in cash by monthly instalments.

In the course of the execution of the harbour works, extending over so many years, several Conventions have been from time to time entered into, mainly dealing with alterations in the plans, but also containing various arrangements and provisions which became necessary through the non-payment of the instalments; and the contractors conceded various extensions of time for payment, and for the renewals of such of the bills of exchange given by the Egyptian Government as were not met at maturity. These Conventions provided for the collateral securities created in favour of Messrs. Greenfield and Co.

This went on until November 1876, when Messrs. Goschen and Joubert proceeded to Egypt to examine the Egyptian finance on behalf of the bondholders. The result of this investigation eventuated in a Decree promulgated by His Highness the Khedive on the 18th November, 1876. This Decree fully acknowledged the contracts and the several guarantees, and it provided that Messrs. Greenfield and Co.'s interests and securities should in no wise be interfered with. It contained provisions for the creation of 17,000,000*l.* of preference stock, the residue being called unified stock. Under an express article of the said Decree, 2,000,000*l.* of unified stock was created for the purpose of paying off the contractors of the port, Messrs. Greenfield and Co., and were placed in the hands of the Comptoir d'Escompte in London, to remain there irrevocably for the payment of the principal sum of 704,000*l.* then (in November 1876) due to Messrs. Greenfield and Co., with interest, until both principal and interest were paid.

Clauses 24, 27, and
30 of Decree.
Annex No. 4.

Annex No. 5.

The coupons of these 2,000,000*l.* at the rate of 6 per cent. per annum (the reduced interest under the Decree of 1876) have, up to November 1878, have been handed to Messrs. Greenfield and Co., in accordance with the Decree and the letters of the Finance Minister of the 27th January, 1877.

Annex No. 5.

In April 1879, however, His Highness the Khedive promulgated a Decree (of which more hereafter) reducing the interest upon the unified debt from 6, the rate payable under the Goschen Decree, to 5 per cent., and Messrs. Greenfield and Co. have received the lower amount simply as a payment on account. Meanwhile the Caisse of the Public Debt in Egypt has commenced a suit in Egypt for a declaration of nullity of the Decree, and of this reduction of interest.

Since the promulgation of the Goschen Decree and the designation of the 2,000,000*l.* of unified stock as a special security for the balance then owing, further works have been executed, and under the successive Conventions before mentioned, bills have been given by the Government, and the revenues of the harbour have been paid over to Messrs. Greenfield and Co.

The bills now in Messrs. Greenfield and Co.'s hands, exclusive of the amount retained by the Government as security, represent a further sum of about 330,000*l.*

The works actually in progress, and to be executed over about a year, will bring this amount up to about 500,000*l.*

At the end of 1878 a large amount of these bills were coming due, and Messrs. Greenfield and Co. were induced by the then Finance Minister, Mr. Rivers Wilson (who at the same time informed them that he had made arrangements for paying off the balance of the first credit, amounting then to more than 550,000*l.*), to renew the bills for current works at long dates (one and two years), a large portion of which bear a reduced interest, so that these renewed bills will fall due in 1880 and 1881. The engagement to pay off the balance above mentioned was, however, not carried into effect by Mr. Rivers Wilson.

It seems that at the very period when Mr. Wilson was obtaining this extension of time, which had the effect of depriving Messrs. Greenfield and Co. of the right they

would have had of suing when the bills fell due in 1878, he, as Finance Minister, was formulating a project, which was afterwards made public, for arbitrarily reducing the rate of interest as from 1877, and thus consequently annulling all these bills.

This project has remained without effect, but another project of Decree of His Highness the Khedive, above alluded to, follows Mr. Wilson's scheme in so far that it also ignores the claim of Messrs. Greenfield and Co. on this 500,000*l.* of bills, while, as before stated, His Highness the Khedive's Decree cuts down the interests both on the 2,000,000*l.* security, and upon the current obligations of the Egyptian Government to Messrs. Greenfield and Co., although the reduction made by His Highness the Khedive's Decree of April 1879 takes effect from a later date.

Messrs. Greenfield and Co.'s position, as specially secured and peculiarly privileged creditors, entitled to the 2,000,000*l.* deposited, and its interest at 6 per cent. as security for the debt of 1876, and to the port and harbour dues, as well as the port itself, and reclaimed lands upon which they hold a charge by way of first mortgage in security for the 500,000*l.* bills, is unquestionable.

The Decree, issued with the concurrence of Messrs. Goschen and Joubert, and which has been approved by all the nationalities and persons interested, settled the rights of all parties.

Neither under it, nor under any formal proceeding of the Government, except the last, has it been sought to affect the rights of the privileged loans, nor those of the harbour contractors. The position of the latter has been actually affirmed and established by the late Finance Minister, Mr. Wilson, who, as late as March 1879, delivered a large number of the bills issued under his own Convention of December 1878, and bearing his own signature, amounting to over 330,000*l.*

A properly arranged Tariff of harbour dues, which is now in course of being established, will probably have the result of increasing the revenues of the port to 100,000*l.* a-year, and thus provide means for meeting substantially the indebtedness arising from the bills for the later and present works, as they fall due.

The 2,000,000*l.* nominal of the Unified Debt deposited in London, if not tampered with, amply covers the balance of the former credit of about 550,000*l.* with its current interest, and may be made available at any moment for discharging it.

Under all these circumstances, Messrs. Greenfield and Co. protest in the strongest and most formal manner against any attack upon the conditions or terms of their contracts, made or attempted to be made by administrative declarations or arbitrary Decrees emanating from the debtor Government, and against any attempt to vary or diminish the securities, or to place Messrs. Greenfield and Co. upon the same or a worse footing than the bondholders or unsecured creditors, with whose position, as they contend, they have nothing in common.

We consequently venture to address your Lordship, in order to place the true position of the claims of our firm before you, and beg respectfully that your Lordship will not lend your sanction to any attempt on the part of any Government or Minister, much less on the part of any one who may enjoy the confidence of the English Government, to interfere with our rights, which we maintain to be unquestionable and inviolable.

We have, &c.

(Signed) GREENFIELD AND Co.

The Most Honourable the Marquis of Salisbury, K.G.,
Her Majesty's Principal Secretary of State for Foreign Affairs.

[Copie.]

Ministère des Travaux Publics.

PORT D'ALEXANDRIE.

Procès-verbal de la Commission.

Membres de la Commission :—

- Son Excellence Linant Bey, Ministre des Travaux Publics, Président de la Commission.
 Son Excellence Aly Pacha Moubarek, Ministre de l'Instruction Publique, Directeur-Général des Chemins de Fer.
 Son Excellence Mazhar Pacha, Inspecteur-Général des Ponts et Chaussées.
 Son Excellence Bahgad Pacha, Inspecteur-Général des Ponts et Chaussées.
 Son Excellence Mustapha Pacha, Wékin du Ministre de la Marine.
 M. Voisin Bey, Ingénieur-en-chef des Ponts et Chaussées, Agent Supérieur et Directeur-Général des Travaux du Canal de Suez.
 M. Laroche, Ingénieur des Ponts et Chaussées, Ingénieur Divisionnaire au Canal de Suez.
 M. Larousse, Ingénieur Hydrographe de la Marine, Ingénieur Divisionnaire au Canal de Suez.
 M. Daugeville, Capitaine de Vaisseau, Commandant des Forces Navales Françaises à Alexandrie.
 M. Paqué, Capitaine de Frégate, Capitaine de la Frégate en Station à Alexandrie.
 M. Levavasseur, Capitaine de Frégate, Contrôleur des Armements de la Compagnie des S. M. des Messageries Impériales.
 M. Roberts, Agent de la Compagnie Péninsulaire Orientale.
 M. Paschoff, Agent de la Compagnie Russe de Navigation à Vapeur.
 M. McKillop, Capitaine de la Marine Royale, Directeur de l'Ecole Navale Egyptienne, Contrôleur du Port d'Alexandrie.
 M. Greenfield, Représentant Messrs. Kennard, G. Elliot, McClean, Abernethy, et agissant pour son compte personnel.

Messieurs,

J'ai à vous remercier, au nom de Son Altesse le Khédive, de l'empressement que vous avez mis pour vous rendre à l'invitation que j'ai eu l'honneur de vous faire, et je vous remercie encore personnellement d'avoir bien voulu venir m'aider de vos conseils, dans la question importante qui doit être traitée aujourd'hui.

Son Altesse le Khédive, à laquelle, depuis plusieurs années, on a présenté bien des projets différents pour l'amélioration du port d'Alexandrie, désire être fixée une fois pour toutes, sur les travaux qui devraient être exécutés pour rendre le port d'Alexandrie aussi sûr, aussi commode pour le commerce et les navires de guerre que sa conformation naturelle peut le permettre, afin d'en faire ce que sont les meilleurs ports de la Méditerranée.

Les points sur lesquelles je désire, Messieurs, appeler votre attention, sont déjà désignés par plusieurs projets que je vous sou mets ici.

Mais pourtant, en dehors des questions qui sont posées plus bas, toutes les nouvelles idées peuvent être librement énoncées et discutées.

Question No. 1.

Dans le cas où des quais seraient reconnus nécessaires pour que les navires, en s'y amarrant, pussent exécuter leur chargement et leur déchargement, quelle serait la direction et la disposition à donner à ces quais? Tout en prenant en considération que, si l'on doit faire des terrepleins, il faudrait, autant que possible, qu'ils fussent exécutés par le produit des curages nécessaires pour approfondir les parties du port qui devraient l'être.

Question No. 2.

Si des quais sont décidés, serait-il nécessaire de faire un môle d'abri pour donner entière tranquillité aux navires qui seraient à quai? Et ne pourrait-on pas profiter de ce môle d'abri pour établir aussi des quais sur sa longueur, afin d'avoir plus

d'espace pour l'amarrage à quai des navires, et former aussi un large bassin ou port intérieur.

La direction d'un môle semblable devra être donnée, autant que possible, sans préjudice à la rade.

Question No. 3.

Avec les travaux qui précèdent, un brise-lames serait-il indispensable pour donner entière sécurité aux navires ancrés sur rade, et encore pour détruire les mouvements des eaux et des vagues dans la rade et dans l'intérieur du port?

Quelle direction et quelle disposition faudrait-il donner à ces brise-lames?

Question No. 4.

Quels seraient, Messieurs, parmi les ouvrages d'art que vous décideriez, ceux qui devraient être faits en premier lieu, réservant les moins importants pour être exécutés après les autres, ou bien devraient-ils être entrepris simultanément?

Question No. 5.

Quel serait, à première vue, le mode de construction de ces divers travaux d'art, afin que d'après vos avis, Messieurs, il fût possible d'en faire une étude sérieuse?

(Signé) LINANT BEY.

Alexandrie, le 26 Avril, 1869.

Procès-verbal.

Question No. 1.

Un membre fait des objections; après de fortes discussions la question est mise aux voix, et à l'unanimité la construction des quais est reconnue nécessaire. Première Partie.

Il est décidé aussi à l'unanimité que l'emplacement des quais doit être depuis la jetée du chemin de fer jusqu'au bassin de l'arsenal. Seconde Partie.

Les études devront être dirigées sur ce point, de manière à ce que, tout en satisfaisant aux conditions d'exécution économique, on conserve la plus grande surface d'eau possible. Troisième Partie.

La majorité a adopté cette réponse, trois voix sont contraires. (Les trois voix contraires: Messrs. Roberts, Paschoff, et Greenfield.)

Question No. 2.

La question des quais décidée, la Commission, à l'unanimité, est d'avis qu'un môle d'abri est indispensable, et que l'on doit profiter de la partie intérieure de ce môle d'abri comme quai d'embarquement et de débarquement. Première Partie.

Toute la Commission, moins un membre, reconnaît que la direction à donner à ce môle d'abri doit être une ligne partant de l'extrémité du quai actuel du chemin de fer et aboutissant à l'angle nord-ouest du quai de l'enceinte de l'arsenal. L'extrémité de ce môle d'abri devra être à 600 mètres de l'entrée de cette enceinte de l'arsenal. Seconde Partie. (Le membre opposant est Mr. Greenfield.)

Question No. 3.

A l'unanimité, la construction d'un brise-lames est reconnue indispensable.

A l'unanimité sauf quatre voix, la Commission décide que le brise-lames doit être composé de deux portions en ligne droite raccordées par une courbe; l'une tracé dans la direction partant de la pointe de Ras-el-tin, en suivant la ligne des rochers jusqu'au droit du rocher Abou-Ahar, le brise-lames ne devant régner que sur la seconde moitié de cette distance; l'autre portion partant de l'extrémité de la première, se dirigeant sur la pointe de Bab-el-Arab et ayant une longueur d'un mille marin (1,850 mètres). Première Partie. (Les quatre voix opposantes sont: Mustapha Pacha, Roberts, McKillop, Greenfield.)

Question No. 4.

A la majorité des voix, la Commission est d'avis de construire d'abord le brise-lames, en second lieu le môle d'abri, puis les quais.

La minorité demande la construction du môle d'abri en premier lieu.

(Les personnes de la minorité: Ali Pacha, Levavasseur, Mazhar Pacha, Laroche, Bahgad Pacha.)

Question No. 5.

La Commission croit devoir laisser aux Ingénieurs du Government Egyptien l'initiative de l'étude du mode de construction.

Un plan, où seront indiquées ces différentes décisions, sera annexé à ce procès-verbal et signé par les membres de la Commission.

Alexandrie, le 27 Avril, 1869.

Suivent les signatures :

PAUQUÉ.	MAZHAR.	BAHGAD.
DANGEVILLE.	LAROUSSE.	LINANT BEY.
LEVAVASSEUR.	ALI PACHA.	
LAROCHE.	VOISIN BEY.	
N. PASCHOFF, en présentant une opinion séparée.		
W. ROBERTS,	id.	id.
McKILLOP,	id.	id.
GREENFIELD,	id.	id.
MUSTAPHA PACHA,	id.	id.

Pour copie conforme à l'original déposé au Ministère des Travaux Publics.
(Signé) LINANT BEY.

ALEXANDRIA HARBOUR WORKS.

Correspondence.

(Translation.)

Sir,

Ministry of the Interior, Alexandria, May 14, 1869.

I have the honour of confirming to you the engagement entered into by the Government of His Highness the Khedive, entrusting to you the execution of the works of Alexandria Harbour, upon condition that you abide in every respect by the plans and Cahiers des Charges, prepared under the direction of the Minister of Public Works. It is understood that in this case the works will be taken at a lump sum ("pris à forfait") by Messrs. McClean and Abernethy.

If those contractors decline to undertake the execution of the said works at a lump sum ("à forfait") upon the above conditions, the Egyptian Government hereby authorize you to take the necessary steps to constitute a Limited Company.

This Company will, as soon as constituted, place itself in connection with contractors offering every desirable security, and having already executed similar contracts, with a view to entrusting to them the execution of the works.

In that case, the Cahier des Charges, to which the Company will be subject, will be the same as that to which MM. Dussaud Frères were subject for the construction of Suez Harbour, with the modifications which may be required by the harbour and roads of Alexandria.

The plans followed will be the plans prepared by the Minister of Public Works.

The whole of the works to be executed will be under the Minister's direction, divided into various sections, and the payments will be made for each section as soon as it can be devoted to commerce after its definitive acceptance by the Government Engineers.

The payments will be made in securities ("bons") at the price of the day of the Egyptian loans in the principal exchanges of Europe, falling due in ten years at least, producing interest at 10 per cent. per annum, and a twentieth part of which will be drawn by lot each half-year.

These bonds will be denominated "Bonds of the Works of Alexandria Harbour," and will not be guaranteed by the Government, but upon the revenue of the harbour and of the works completed and opened for use.

To Mr. Greenfield.

Receive, &c.
(Signed) CHÉRIF.

(Translation.)

Gentlemen,

Cairo, March 11, 1870.

I have the honour to confirm to you the verbal stipulations agreed between us for the payments to be made by the Government for the works of the port of Alexandria, the execution of which is entrusted to you.

The clauses and conditions for the execution of these works, as well as the term for their completion, remains as they were previously arranged, that is to say, that these works shall be executed according to the plans and specifications drawn up by the Minister of Public Works, and in conformity with the conditions of the Cahier des Charges accepted by Dussaud Bey for the works of the port of Suez.

The conditions of payment shall be modified in the following manner:—

The price at which these works are estimated, as set forth by the estimates, is 42,000,000 fr. The time for execution of the works is calculated at five years. From this sum of 42,000,000 fr. (1,500,000l. sterling), shall be paid to you monthly payments of 25,000l. sterling each. The surplus will be retained as a guarantee, and will only be paid to you after the completion and delivery of the works, shall bear an interest of 9 per cent. in your favour, calculated by epochs like the interest paid to Dussaud Bey for the sums withheld from him as a guarantee.

A portion of the quarries at Metz will be delivered to you in order that you may work it for the use of the works. The material which is there, and which is not utilized by the Minister of War and Marine, will also be handed to you in accordance with a *procès-verbal*. At the termination of the works, the quarry will be given up to the Government, and you shall deliver up the material in the same state as it was found in at the moment of its consignment (to you).

In case you should think it necessary to extend the working of the quarry, which shall only be done under the limits of the military rules of fortifications, and without violation to the rules of service which govern them, by it to augment the material.

The Government shall have the choice of refusing and of leaving the material you have bought for your own account, or of taking it at a valuation to be made by experts.

Any permanent construction, that is to say, all kinds of building which the contractors shall find themselves obliged to construct in the interests of the works and its development, shall be abandoned to the Government without any compensation.

Lastly, it is well understood that, taking into consideration the mode of payment mentioned above, the Government will not have to furnish you with either dredgers, tugs, boats, &c., and you will have to provide yourselves for your own account, and at your own cost, with all the material which will be necessary for the execution of the works. The Government of His Highness the Khedive hopes, Gentlemen, that you will display all the wished-for activity in commencing these works as soon as possible, the realization of which interests in such a high degree both Egypt and the commerce of all nations.

Receive, &c.
(Signed) CHÉRIF.

To Mr. Greenfield and Associates.

Extracts from (Mr. Goschen's) Decree, dated November 18, 1876.

Art. 24. The annexation of the Administration of the port of Alexandria to the special Administration of the Railways, and the application of their revenues to the service of the Preference Debt, are not in any case to prejudice the contracts already existing with the contractors, nor to modify the relations of the Government to the latter with regard to the work which is still to be executed.

Art. 27. The Administration, formed as described above, will continue to act until all the privileged bonds specially created have either been redeemed or paid off. The port of Alexandria being comprised in this guarantee for the sum of 2,000,000l., can be freed from this guarantee, and detached from the Joint Administration as soon as 2,000,000l. of these preference bonds shall have been redeemed or repaid.

The railways being comprised in this guarantee for 15,000,000l. sterling in preference stock, can be freed by the redemption or the repayment of 15,000,000l. of this stock.

Art. 30. All the receipts of the railways, and of the port of Alexandria, according as they come in, with the exception of what is necessary for the ordinary outlay, for maintenance, and for working expenses, and with the exception of the rights of the contractors of the port provided for in the contracts, will be paid into the Treasury of the Public Debt to which they are assigned.

Monsieur,

Caire, le 27 Janvier, 1877.

Je vous invite et vous autorise à délivrer à MM. Greenfield et Cie. ou à leur agent autorisé ou à leur banquier à Londres, contre reçu en double dont un exemplaire pour ce Ministère, les coupons d'intérêt des obligations de 2,000,000, mentionnés dans la Convention ci-annexée en date du 27 Janvier, 1877, à leurs échéances.

Cet ordre restera en vigueur et ne sera pas rapporté tant qu'il sera dû de l'argent par le Gouvernement Egyptien à MM. Greenfield et Cie. par suite de la Convention ci-annexée.

Recevez, &c.
Le Ministre des Finances,
(Signé) HUSSEIN KAMIL.

M. le Directeur du Comptoir d'Escompte,
Paris.

Inclosure 2 in No. 1.

Plan of Alexandria Harbour.

No. 2.

Mr. Lister to Sir G. Elliot, M.P.

Sir,

Foreign Office, June 21, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter, with its inclosure, of the 3rd instant, relative to the claims of the contractors for the works of the port of Alexandria; and I am, in reply, to inform you that your statements on this subject shall receive attention.

I am to add that intelligence has been received to the effect that the Khedive's Decree of the 22nd April last, reducing the interest on the Unified Debt from 6 to 5 per cent., has been cancelled.

I am, &c.
(Signed) T. V. LISTER.

No. 3.

Sir G. Elliot, M.P., to the Earl of Beaconsfield.—(Received at the Foreign Office, July 29.)

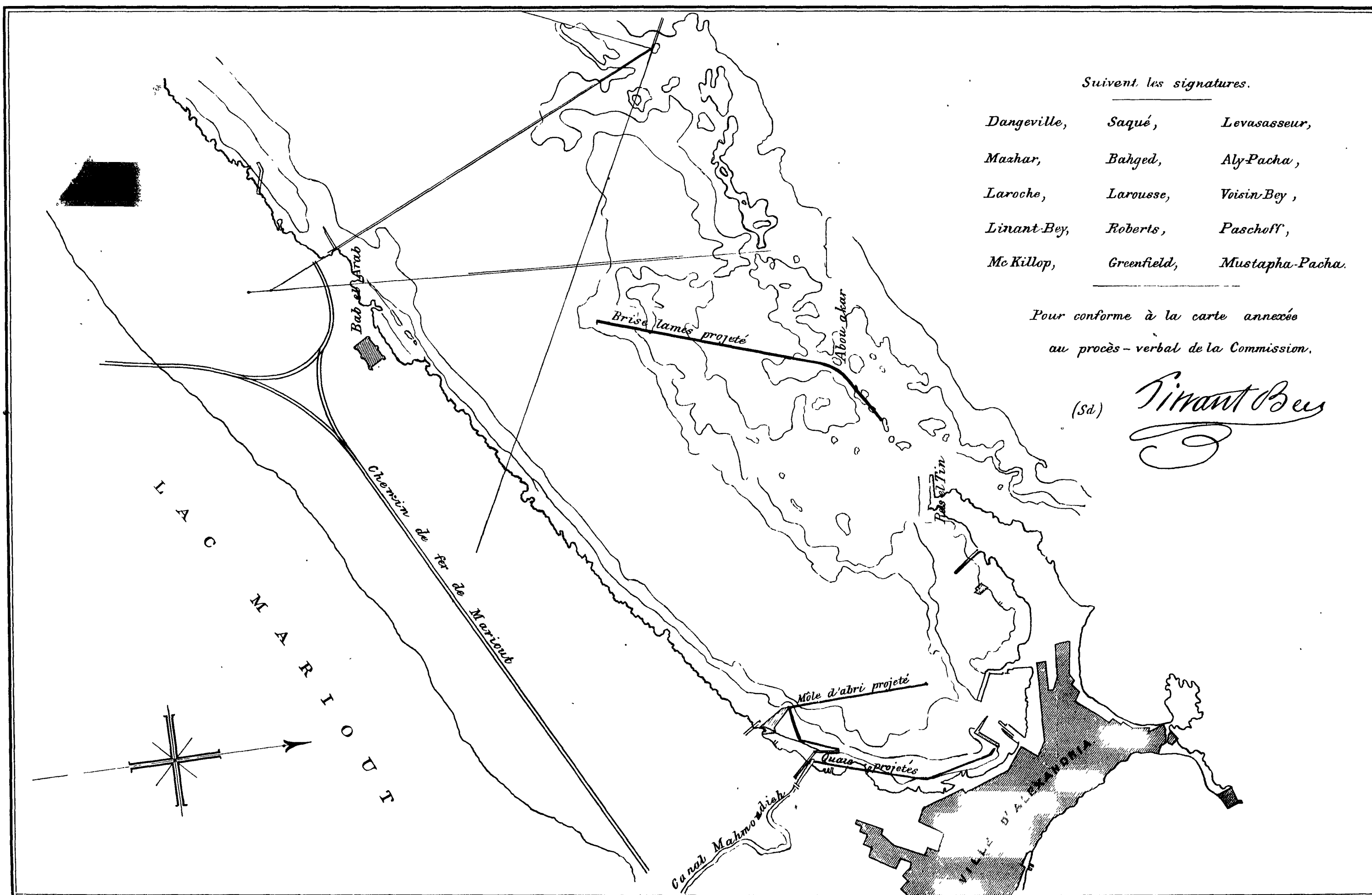
My Lord,

1, Park Street, Park Lane, London, July 20, 1879.

I LEARN from the newspapers that your Lordship is staying at Hatfield, and the "Observer" of this day states that M. Blignières will be there also. I venture to assume that Egyptian affairs will be discussed, and that the question of finance, or liquidation, may be considered. I beg respectfully to ask your Lordship (as I have already addressed Lord Salisbury) that care may be taken in the appointment of any Commission that it should not be permitted to interfere in any way with debts which are already secured. For example, I am largely interested in moneys due for the execution of the Alexandria Harbour works, as per contract. The amount is nearly 1,000,000*l.* sterling, which is divided into two sums of about 500,000*l.* each. The first 500,000*l.* is secured by the deposit of 2,000,000*l.* of unified stock, which is, by the Comptoir d'Escompte in London, irrevocably set apart, by the Decree of the 18th November, 1876, for the payment of this sum, with interest. This security would sell for nearly double the amount of our debt.

The second amount of 500,000*l.* is secured by the revenues of the Alexandria port and lands reclaimed by the contractors, Greenfield and Co. (the firm in which I am so largely interested). The revenues from this harbour vary from 30,000*l.* to nearly 40,000*l.* a-year. The new Tariff, which is to be levied on the 1st September next, will increase the dues to over 100,000*l.* per annum. It will be seen that the security of Greenfield and Co., if not tampered with, makes the debt as safe as Consols.

Mr. Rivers Wilson, in his Report, in which Mr. Baring was coadjutor, proposed to alter this security, which appears to me most unjust, and utterly illegal, as the law now exists in Egypt; but I am told that the proposed International Commission is to



Suivent les signatures.

<i>Dangeville,</i>	<i>Saqué,</i>	<i>Levasasseur,</i>
<i>Mahar,</i>	<i>Bahged,</i>	<i>Aly-Pacha,</i>
<i>Laroche,</i>	<i>Larousse,</i>	<i>Voisin-Bey,</i>
<i>Linant-Bey,</i>	<i>Roberts,</i>	<i>Paschoff,</i>
<i>Mc Killop,</i>	<i>Greenfield,</i>	<i>Mustapha-Pacha.</i>

*Pour conforme à la carte annexée
au procès-verbal de la Commission.*

(Sd) *Tirant Bey*

be empowered not only to revise the entire finance in Egypt, but to legislate in such a manner as they see fit, and that they are not to be governed by the law or the authority of the existing Tribunals. If this be so, then our 1,000,000*l.* sterling may be dealt with and materially diminished. I beg most earnestly and respectfully to protest against this.

The Commission ought not to be allowed to interfere with secured debts. The financial position, as I submit, ought to be treated in the following manner:—

1. All secured debts to be respected and paid off out of the securities they hold.
2. Preferred debt on railway and harbour to remain undisturbed.
3. The judgment debts, when attached to land or property, should be paid in full, if the security be sufficient.
4. All other floating debts to be paid out of the Rothschild Loan as far as it would go.
5. The Unified Debt should be treated as the ordinary stock or shares of any public or other Company, and should be paid whatever the Company or country earn until it reaches 6 per cent.

I believe this brief sketch, subject to modification, to be the fairest and best way to deal with the financial question.

The important question is how to work the country to the best advantage, having regard to the best interest of all concerned. I may observe that I have, during these last thirteen years, spent several winters in Egypt; indeed, I have visited it every year. I know the country and people well, and almost every person of note in it. Egypt is far from being in a hopeless condition, or a permanently insolvent country.

The Administration is the whole question, and this ought not to be so difficult, if it were only free from the external interference of other Powers. England would make Egypt the happiest and richest country under the sun in ten years.

The ex-Khedive was far too clever for the simplicity of his duties. The present Khedive I know well from boyhood; he is an excellent young man, very temperate in every sense of the word. He told me in December last that he was improving himself in the English language, and that his children were being taught no other than the English language. He of course needs experience. If it were possible to get an English nobleman, such a moderate, useful man of business as the Duke of Buckingham, to be appointed President of the Council at Cairo (say at even 10,000*l.* or 15,000*l.* a-year—it would not be too much), he would give tone and character to the Assembly, and would tend more to effect useful results than any other form of complicated representation of different nationalities, and avoid the mischief, not merely incident to, but inseparable from, a duplicate Administration. Nothing succeeds well in Egypt where this system is practised. Believe me, there is talent enough in Egypt to manage the country, if only it had some such person to assist in its deliberations. The law is administered by competent Tribunals, which can be beneficially extended without increased expense. The Consuls-General are there to supplement, and sometimes take the initiative with, the Tribunals.

The Nubar Pasha and Blignières-Wilson Administration were very inconsiderate; they acted like a lot of school-boys who had found their way into a pastrycook's shop.

Above all things (I hope that) I am an Englishman. We ought (England, I mean) to be strong in Egypt. Quite three-fourths of the commerce is in our hands. Immediately after the Canal purchase we were strong. What ought now to be done—England ought to purchase the railway from Alexandria to Suez (see map); this would give a sea-route and a land-route to India, &c., and make England independent in Egypt of all Canal casualties, &c. We own now more than half the Canal. The railway could be purchased to pay 6 per cent. The possession of the railway would give us all the ports and harbours in Egypt in due time.

One word, and lastly. The less combination with France the better; it will only lead to future misunderstanding; they are clever, sensitive, jealous, restless, and totally unlike the English, and often very exacting.

I have, &c.
(Signed) GEORGE ELLIOT.

Sir G. Elliot, M.P., to the Marquis of Salisbury.—(Received August 1.)

My Lord, 23, Great George Street, Westminster, July 30, 1879.
I HAVE again respectfully to beg your Lordship's attention to the position of the firm of Greenfield and Co. with the Egyptian Government. I am more particularly induced to do this because of the rumours concerning a Commission which it is said will be appointed to take into consideration the question of Egyptian finance, and with authority to legislate thereon independently of the International Tribunals. The names of some of the Commissioners have been mentioned, and some of those gentlemen are known to have already expressed views very unjust towards the rights of the firm of Greenfield and Co. These rights are, as I explained to your Lordship on the 3rd June, secured by deposits in London of bonds for 2,000,000l. sterling of the Unified Debt, and also by the revenues of the harbour and land of the port of Alexandria.

The Memorial from Messrs. Greenfield and Co. to your Lordship of the 3rd June I trust will have that due attention which, I may be permitted to say, I think it deserves, and I beg especially to draw your Lordship's attention to the last paragraph of that Memorial, which is as follows:—

"We consequently venture to address your Lordship in order to place the true position of the claims of our firm before you, and beg respectfully that your Lordship will not lend your sanction to any attempt on the part of any Government or Minister, much less on the part of any one who may enjoy the confidence of the English Government, to interfere with our rights, which we maintain to be unquestionable and inviolable."

I have, &c.
(Signed) GEORGE ELLIOT.

Inclosure in No. 4.

Extract from the "Daily Telegraph" of July 25, 1879.

IT is understood that the English and French Governments have definitely agreed upon the course of action to be pursued in Egypt. The Commission of Inquiry, whose Report and Project of Law led, it may be remembered, to the late Khedive's *coup d'état* and to the subsequent protest of the Commissioners, followed by their resignation, is to be re-established, as already announced, in order to carry out their proposed regulation of Egyptian affairs. Mr. Rivers Wilson is to be President in lieu of M. de Lesseps, while Mr. Baring and M. de Blignières, who may be considered as representing the bondholders' interests, are to be appointed Controllers. Mr. Vivian and M. Tricou retain their posts as Consuls-General for England and France respectively. There will be no European Ministers, but the Commission will, we believe, hold a legislative and not merely a consultative position, and will have ample powers to carry out their views in dealing with the floating debt. As respects the funded debt, the Goshen scheme will be maintained and the privileged loans will, of course, not be interfered with. So far as yet appears the solution of the crisis now proposed should give full satisfaction to all the interests concerned, since the Egyptian taxpayer, as well as the national creditor, will be represented on the Commission, and while it may be taken for granted that the fellahs will be safeguarded from arbitrary oppression, it is equally certain that the repeal of unfair and invidious exemptions of privileged classes from taxation will add largely to the permanent revenues.

No. 5.

Mr. Lister to Sir G. Elliot.

Sir, Foreign Office, August 6, 1879.
I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 30th ultimo respecting the Alexandria harbour works and Messrs.

Greenfield's position in regard to this undertaking, and to say that it shall be carefully considered.

I am, &c.
(Signed) T. V. LISTER.

No. 6.

Sir G. Elliot, M.P., to Lord Tenterden.—(Received August 9.)

Dear Lord Tenterden, 23, Great George Street, Westminster, August 8, 1879.

I HAVE the honour to inclose herewith the case of Greenfield and Co., as submitted to the Most Honourable the Marquis of Salisbury on the 3rd June, 1879, and supplemented on the 7th August with the Agreement entered into by Mr. Rivers Wilson and myself, on behalf of Greenfield and Co., of the 27th December, 1878, together with extracts from the Report of the Commissioners of Inquiry delivered about the 9th April, 1879, which is also signed by Mr. Rivers Wilson; and to draw your Lordship's attention to the great inconsistency between the Convention entered into on the 20th December, 1878, and the Report of the Commissioners in April 1879.

I beg also to draw your Lordship's attention to the Memoranda A and B which I had the honour to submit to Lord Salisbury, and which I trust your Lordship will consider in connection with the case as set forth in the correspondence inclosed herewith, and to which I trust your Lordship will give your earliest attention, so that when any instructions shall have to be considered and given to the Commissioners to be appointed, one of the clauses (A and B) may be inserted in the said instructions.

I might observe that it would be a most serious thing for the Government to appoint Commissioners and authorize them to interfere with securities such as those referred to in the correspondence herewith, and I think that such interference might be the means of involving Her Majesty's Government in some inconvenience.

I have, &c.
(Signed) GEORGE ELLIOT.

Inclosure in No. 6.

[For Papers inclosed in letter of June 3, 1879, see Inclosure 1 in No. 1.]

Convention between Mr. Rivers Wilson and Sir G. Elliot, dated December 27, 1878.

Memorandum of Agreement made and entered into this 27th day of December, 1878, between his Excellency C. Rivers Wilson, Minister of Egyptian Finance, for and on behalf of the Egyptian Government, on the one part, and Sir George Elliot, Bart., for and on behalf of Messrs. Greenfield and Co., Contractors for the Alexandria Harbour Works, on the other part, supplementary to the Agreement made between the Egyptian Government by Messrs. Greenfield and Co. on the 31st December, 1875.

There being bills of acceptances of the Egyptian Government due the 1st January, 1879, amounting to about 183,075l., as well as certificates of the Government Engineer for general works, amounting to about 129,879l., in the hands of Messrs. Greenfield and Co., and which, together with the value of the works to be executed, will amount to about 340,000l. on the 1st January, 1879, and the Government being desirous of delaying the payment thereof for a further term in order not to appropriate these sums to the present General Budget, it is hereby agreed between the parties to this Agreement as follows:—

ARTICLE I.

Greenfield and Co. hereby agree to renew the said bills or acceptances on the following conditions:—

That in consideration of Greenfield and Co. being released to the extent of 50,000l. from the guarantee of 100,000l. mentioned in Article 8 of the Agreement of the 31st December, 1875, so that the said guarantee will hereafter remain at 50,000l.

instead of at the said 100,000*l.*, Greenfield and Co. agree to reduce the interest payable thereon by the Government to 7 per cent. per annum in place of 9 per cent.

They also agree to exchange the bills for the jetty works payable the 1st January, 1879, and which will amount to about 195,000*l.*, for other bills, one half of which said amount shall be given in bills due and payable on the 1st January, 1880. The other half of said amount shall also be given in bills due and payable on the 1st January, 1881.

The said bills to bear interest included in the values thereof at the rate of 10 per cent. per annum from the 1st January, 1879, to the dates of payment, and to be also payable in London.

ARTICLE II.

That for the sums now due to Messrs. Greenfield and Co. for general works certified by the Government Engineer, bills shall be given by the Egyptian Government to Greenfield and Co. to the value of 100,000*l.*, in the same manner as set forth in the preceding Article for the jetty work, which bills shall bear interest attached at the rate of 7 per cent. per annum from the 1st January, 1879, to the dates of payment. And for the general works in progress, after the deduction of the port and harbour dues from the amount certified monthly by the Government Engineer, bills shall be given monthly against the balances of the amounts so certified, also bearing interest attached at the rate of 7 per cent. per annum from the first day of the month subsequent to that in which the work was executed up to the dates of payment, one half of these bills to become due the 1st January, 1880, and the other half on the 1st January, 1881. All payable in London.

The said bills, after the delivery of the bills to the value of 100,000*l.* named above to Greenfield and Co., shall be retained by the Government as guarantee until twelve months after completion of the works, as mentioned in Article 8 of the Agreement of the 31st December, 1875, and also in the preceding Article as to interest.

Should the receipts from port dues, after the establishment of a new Tariff, be in excess of the amount of work executed during any month, the excess of such port dues shall be carried to the credit of the Egyptian Government, and applied to the redemption of any of the bills named in this Agreement, which bill or bills shall, on being so redeemed, be returned receipted to the Egyptian Government.

In all cases the rates of interest payable by Greenfield and Co. on the port and other dues and revenues herein stipulated shall be the same as those rates paid by the Egyptian Government on the sums against which the said dues and revenues are appropriated.

ARTICLE III.

As security for the due payment of the Government acceptances, there shall be hypothecated to Greenfield and Co. the revenues derived from the port and accruing from the harbour and works belonging thereto, now levied, or hereafter to be levied, together with the revenues from the land reclaimed by the construction of the quays.

And it is well understood that the Egyptian Government will use its best endeavour to establish a new Tariff of the quay and port dues, with the least possible delay, and to continue the same until the discharge of all the sums and bills hereinbefore mentioned, and for which the revenues of the port are pledged. Such new Tariff may be subject to periodical revision. It is, therefore, agreed that such revision shall only be made on the same basis as that on which it shall have been established.

The securities above mentioned and agreed to in this Convention, together with the securities provided for in the existing Conventions and Agreements, are hereby guaranteed to be the first charge on the port and reclaimed lands and the revenues thereof.

ARTICLE IV.

The collection of the dues and the payment thereof to Greenfield and Co., as mentioned in Articles II and III of this present Agreement, shall be made in the same manner as heretofore, and as stipulated in Article 7 of the Agreement of the 30th March, 1874.

ARTICLE V.

Lastly, the terms of this Agreement shall not affect the previous contracts and supplementary Agreements made for the execution of the harbour works. But their terms and limits shall remain as heretofore in every respect, with the exception of the terms stated in the foregoing Articles of this Agreement.

Made, entered into, signed, and sealed in duplicate by the above-named parties at Cairo, Egypt, this 27th day of December, 1878.

(Signed) C. RIVERS WILSON, *Finance Minister.*

Witness to the signature of C. Rivers Wilson :

(Signed) BLUM.

(Signed) GEORGE ELLIOT, on behalf of
GREENFIELD AND Co.

Witness to the signature of Sir George Elliot, Bart. :

(Signed) H. KENNETT.

Extract from the Report of the Commission of Inquiry.

April 9, 1879.

Messrs. Greenfield are the contractors for the works of the port of Alexandria. Their credit is divided into two parts, that is to say :—

1. The sum remaining to be paid upon the 704,000*l.* mentioned in the Decree of the 18th November, 1876.

2. The sum due for the works executed from the 1st January, 1877, to the 31st December, 1878.

As to what concerns the balance of the 704,000*l.*, which amount, including the interests, has been reduced to about 570,000*l.* on the 31st December, 1878, we have already explained, in dealing with the business of the Grand Syndicate, that we propose that it shall be paid in full when the quotation of the Unified Debt shall permit the sale of a portion of the 2,000,000*l.* bonds of the Unified Debt deposited with the Comptoir d'Escompte.

It is evident that equity demands that Messrs. Greenfield should make sacrifices as well as other creditors, and it is all the more just to impose upon them such sacrifices, as the profits which they have realized in the execution of the works of the port are excessive. We propose, then, that the interest upon the sums due for the works executed since the 1st January, 1877, up to the present shall be calculated at 5 per cent. in lieu of 10 per cent., the present rate. As to what concerns the works remaining to be executed, the interest should be also calculated at the rate of 5 per cent.

The revenues of the port of Alexandria should be charged with the payment of Messrs. Greenfield up to the entire estimation of their credit. The amount of their revenues is actually about 32,000*l.* per annum, but the Government hopes soon to be able to put a new Tariff in force which will augment them considerably.

CRÉDIT GREENFIELD.

Article 17 of the Project of Law.

The interest to be paid to Messrs. Greenfield upon the sums due for the works executed since the 1st January, 1877, and for those which are to be executed in the future is fixed, at 5 per cent.

The part of the credit of Messrs. Greenfield not comprised in the 704,000*l.* referred to in Article 5 of the Decree of the 18th November, 1876, shall continue to be guaranteed by the revenues of the port of Alexandria. What remains due at present of the 704,000*l.* above named shall be paid out of the proceeds of the sale of the 2,000,000*l.* of obligations of the Unified Debt deposited with the Comptoir d'Escompte.

This sale shall be effected when the quotation shall reach 50, and can in no case be made below 45.

Article 29.

All the other credits shall rank as to payments in cash *pro rata*, the resources remaining free after the above-named deductions.

A first dividend of 40 per cent. shall be paid upon the liquidation of each credit. The complementary dividend shall be distributed at the close of the liquidation.

Article 30.

The part of the debt not paid in money shall be paid in obligations bearing interest at 5 per cent., reckoning from the 1st January, 1879, and amortizable in a period not exceeding twelve years.

The issue shall be made after the close of the liquidation.

(Clause A).—That the powers of the Commissioners shall not be held to extend to the interference with or disturbance (legislatively or otherwise) of subsisting Conventions of a *bona fide* character deliberately made between the Egyptian Government and contractors for public works (such as those Conventions under which Messrs. Greenfield and Co. have constructed the harbour works of Alexandria), nor shall they, in any such case, interfere with validly constituted special securities existing in virtue of such Conventions and their execution.

(Clause B).—That no Convention of a *bona fide* character which may have been entered into between the Egyptian Government and any person, firm, or company for public works, nor any securities constituted in respect of such Convention or the execution thereof, shall be altered or interfered with against the will of such person or company, unless in such case the proposed change or other measure shall have been remitted for and have obtained the sanction of the English and French Governments.
